

for other purposes"; to the Committee on Agriculture.

By Mr. WOODRUM of Virginia:

H. Con. Res. 99. Concurrent resolution authorizing the Select Committee on Postwar Military Policy of the House of Representatives to have printed for its use additional copies of the hearings held before said committee during the current session relative to universal military training; to the Committee on Printing.

By Mr. JARMAN:

H. Con. Res. 100. Concurrent resolution authorizing the printing of additional copies of House Document 359 entitled "Address of the President of the United States, Before a Joint Session of the Senate and House of Representatives, Presenting His Recommendations With Respect to Universal Military Training"; to the Committee on Printing.

By Mr. HARTLEY:

H. Res. 360. Resolution to approve Eighth Intermediate Report of the Select Committee to Investigate Executive Agencies, and to concur in certain recommendations therein contained; to the Committee on Banking and Currency.

By Mr. DURHAM:

H. Res. 361. Resolution proposing means for continuously making available to the Security Council of the United Nations organization information in the possession of any member nation of the United Nations organization with respect to atomic energy; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DEWART:

H. R. 4504. A bill to authorize the Secretary of the Interior to sell certain lands in the State of Montana to Dana E. McGowan; to the Committee on Indian Affairs.

By Mr. HOBBS:

H. R. 4505. A bill for the relief of Miss Florence V. Cook et al.; to the Committee on Claims.

By Mr. ROE of Maryland:

H. R. 4506. A bill to authorize a preliminary examination and survey of the advisability of dredging the harbor at St. Michaels, Talbot County, Md.; to the Committee on Flood Control.

H. R. 4507. A bill to authorize a reexamination and survey of flood control at Marshy Hope Creek; to the Committee on Flood Control.

By Mr. SLAUGHTER:

H. R. 4508. A bill for the relief of the Massman Construction Co.; to the Committee on Claims.

By Mr. TAYLOR:

H. R. 4509. A bill granting a pension to George W. Lyman; to the Committee on Pensions.

By Mr. SAVAGE (by request):

H. J. Res. 259. Joint resolution to authorize the Quinault Tribe of Indians, plaintiff in the action No. L-23, now pending in the Court of Claims, as trustee to proceed in and prosecute said action to final judgment therein, and for other related purposes; to the Committee on Indian Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1271. By Mr. LUTHER A. JOHNSON: Petition of Mr. Robert A. Manire, director of agricultural education, State board for vocational education, Austin, Tex., favoring H. R. 4384; to the Committee on Education.

1272. By Mr. ROWAN: Petition of Committee for American Relief for Germany; to the Committee on Foreign Affairs.

1273. Also, petition of the Decalogue Society of Lawyers, Chicago, Ill.; to the Committee on Foreign Affairs.

1274. By the SPEAKER: Petition of various enlisted men in the Army of the United States, stationed in the Three Hundred and Forty-ninth Engineer Construction Battalion at Fort Lewis, Wash., petitioning consideration of their resolution with reference to immediate passage of S. 1410; to the Committee on Military Affairs.

1275. Also, petition of Veterans of Foreign Wars of the United States, petitioning consideration of their resolution with reference to the preservation of American economy and national self-interest; to the Committee on Foreign Affairs.

SENATE

FRIDAY, OCTOBER 26, 1945

(Legislative day of Monday, October 22, 1945)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, who givest the day for work and the night for repose, grant to us a deep sense of Thy presence in the return of this hour when duty, that stern echo of Thy voice, calls us again to counsel for the Nation's weal. Despite earth-born clouds of misunderstanding and suspicion, keep us from the cynicism that corrodes and from the blight of disillusionment. Make us ever loyal to that high adventure which seeks the larger, nobler way for our struggling race to live together according to Thy will for the good of all. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, October 24, 1945, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 100) permitting alcohol plants to produce sugars or sirups simultaneously with the production of alcohol until July 1, 1946.

The message also announced that the House had passed the joint resolution (S. J. Res. 107) authorizing the President to proclaim November 2, 1945, as Woman's Enfranchisement Day in commemoration of the day when women throughout the United States first voted in a Presidential election, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amend-

ments of the Senate to the bill (H. R. 4309) to reduce taxation, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON of North Carolina, Mr. COOPER, Mr. DINGELL, Mr. ROBINSON of Utah, Mr. KNUTSON, Mr. REED of New York, and Mr. WOODRUFF of Michigan were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 4160) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, in which it requested the concurrence of the Senate.

SPECIAL COMMITTEE ON ATOMIC ENERGY

The PRESIDENT pro tempore. The Chair appoints as the members of the Special Committee on Atomic Energy, created by Senate Resolution 179, agreed to on October 22, 1945, the senior Senator from Connecticut [Mr. McMAHON], the Senator from Georgia [Mr. RUSSELL], the senior Senator from Colorado [Mr. JOHNSON], the Senator from Texas [Mr. CONNALLY], the Senator from Virginia [Mr. BYRD], the Senator from Maryland [Mr. TYDINGS], the Senator from Michigan [Mr. VANDENBERG], the Senator from Vermont [Mr. AUSTIN], the junior Senator from Colorado [Mr. MILLIKIN], the Senator from Iowa [Mr. HICKENLOOPER], and the junior Senator from Connecticut [Mr. HART].

The Chair, under further authority of the resolution, designates the senior Senator from Connecticut [Mr. McMAHON] as the chairman of the committee.

COMMITTEE SERVICE

On motion of Mr. BARKLEY, it was

Ordered, That the Senator from Ohio [Mr. HUFFMAN] be assigned to the Committees on Interstate Commerce, Judiciary, Claims, and the District of Columbia.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on October 24, 1945, he presented to the President of the United States the enrolled bill (S. 1333) to amend an act relating to the incorporation of Providence Hospital, Washington, D. C., approved April 8, 1864.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A petition of sundry citizens of San Francisco, Calif., praying for the enactment of the bill (S. 405) to amend further the Civil Service Retirement Act approved May 29, 1930, as amended; to the Committee on Civil Service.

Petitions of several citizens of Lynchburg, Va., praying for the enactment of legislation providing for a minimum wage of 65 cents an hour; to the Committee on Education and Labor.

The petition of Local Union 817 of the International Brotherhood of Electrical Workers, Croton-on-Hudson, N. Y., praying for the enactment of the bill (S. 293) to amend the Railroad Retirement Acts, the Railroad Un-

employment Insurance Act, and subchapter B of chapter 9 of the Internal Revenue Code, and for other purposes; to the Committee on Interstate Commerce.

The petition of Dr. C. H. R. Hovde, of Los Angeles, Calif., further praying for redress of his grievances; to the Committee on the Judiciary.

A telegram signed by David Lester, secretary of the science committee, Connecticut State division, Independent Citizens Committee of Arts and Sciences and Professions, New Haven, Conn., relating to atomic energy; ordered to lie on the table.

By Mr. CAPPER:

A letter in the nature of a memorial from C. E. Beck, general manager of the Ranney-Davis Mercantile Co., of Arkansas City, Kans., remonstrating against the enactment of the bill (S. 101) to prohibit discrimination in employment because of race, creed, color, national origin, or ancestry; to the Committee on Education and Labor.

RESOLUTIONS OF INDIANA DEPARTMENT OF THE AMERICAN LEGION

Mr. CAPEHART. Mr. President, I have received from William E. Sayer, department adjutant, the American Legion, Department of Indiana, Indianapolis, Ind., four resolutions relating to legislation beneficial to war veterans. I ask unanimous consent to present the resolutions and that they be appropriately referred and printed in the RECORD.

There being no objection, the resolutions were received, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Whereas 26 years have elapsed since close of World War I and the average age of the veterans of said war is over 50 years; and

Whereas many World War I veterans have now reached the age where their earning power has been reduced, and under the existing insurance laws many of the veterans of both wars to be unemployable; and

Whereas many disabled veterans are denied benefits through the application of the existing regulations, and the combined rating schedule and schedular requirement for a major disability; Therefore be it

Resolved, That the schedular requirement for the payment of nonservice be liberalized to the point that a nonservice pension shall be paid to war veterans who have reached the age of 55 years, and who are 50 percent disabled that a straight computation of the disabilities be rated on the 1933 rating schedule and the combined schedule shall not be applied, and that there shall be no major-disability requirement; be it further

Resolved, That need shall be shown as under present regulations and that the amount shall be the same as that paid the present time \$50 per month; be it further

Resolved, That copies of this resolution be forwarded to the national rehabilitation committee, the legislative committee, and all Members of the Congress.

Whereas while facial injuries comprise but a small percentage of all types of casualties of war, yet they are the most important from a psychological standpoint of the patient, due to the universal horror of facial disfigurement, and the ensuing mental inferiority complex is more acute than the feeling associated with loss of limb or even sight; and

Whereas there is not only great psychic trauma involved in severe wounds of the face, but also to be considered are the far-reaching social, economic, and rehabilitation problems; and

Whereas this problem is much more serious than it was during the First World War, due to the use of more powerful explosives, and because a far greater number of these casualties survive due to the routine use of

blood plasma, sulfanilamides, penicillin, and more prompt use of modern field surgery; and

Whereas almost unanimously these patients insist upon surgery, and would rather have a lump of poor flesh for an ear or nose than the most perfect stage-property accessories that can be built from synthetic substitutes; and

Whereas the most wonderful plastic surgery is being afforded these men by the best talent in the country in the nine hospitals doing this type of work throughout the country, and especially at Wakeman Hospital Center, Camp Atterbury, Ind.; and

Whereas the time for the completion of these most necessary medical services may run for many months and should be done by the same doctors now rendering that service, or others of equally highly efficient technical ability and knowledge: Now, therefore, be it

Resolved, That it become the unswerving duty of the American Legion to take whatever action it deems necessary, and see that this action be executed, be it legislative or otherwise, to insure these veterans and the casualties yet to come of the highest type medical service available after the war, said services being comparable to the excellency now being rendered in our hospitals for our armed forces; and be it further

Resolved, That there be a constant follow-up system inaugurated, thus making it sure that this fine facial plastic surgery be continued and made available for these men as long after the war as it may be found necessary.

Whereas there is a desperate need of additional hospital and rehabilitation facilities for veterans of the last war; and

Whereas the Bunker Hill Naval Air Training Station now being used to train flying cadets will be abandoned by the Navy on or before December 1, 1945; and

Whereas approximately \$25,000,000 has been invested in acquiring and constructing this station; and

Whereas the facilities at this station are adequate and adaptable and should be utilized as a rehabilitation training center and hospital for veterans of this war; and

Whereas the Veterans' Administration under existing law has the first priority in acquiring Government-owned properties being abandoned as surplus by the Federal departments and agencies: Now, therefore, be it

Resolved by the American Legion, Department of Indiana, in annual convention assembled, That we appeal to and urge the Veterans' Administration to exercise its right and priority to acquire the Bunker Hill Naval Air Training Station and to convert the same into a rehabilitation center and hospital; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, Gen. Omar Bradley, Administrator, United States Veterans' Administration, and to the United States Senators and Congressmen from the State of Indiana.

Whereas World War II veterans are being discharged from the armed services, suffering from tuberculosis; and

Whereas, there is no United States Government tuberculosis hospital in the State of Indiana, and our veterans are required to go to a veterans' facility located in some other State; and

Whereas experience has shown that World War I veterans would not remain in hospitals so far away from their families, and that they would leave the sanitarium and return home and then later again reenter the hospital, and that some have been readmitted to different hospitals numerous times; and

Whereas, a bulletin from the National Tuberculosis Association states very few of these patients have completely recovered and many of them have constituted an army of

discouraged men spreading tuberculosis throughout the county; and

Whereas many of the World War II veterans, who will be discharged suffering from tuberculosis, have already been away from home 2 or 3 years and will not want to leave their families and friends for treatment in a remote veterans' hospital: Now, therefore, be it

Resolved, That the American Legion use its influence to have tubercular veterans of World War I and World War II treated as near their homes as possible, and that a tuberculosis hospital be set up centrally located in the State of Indiana to remedy this situation, and further, that copies of this resolution be forwarded to the national executive committee, and all Members of Congress from Indiana, and released to the press.

SUITABILITY OF BALTIMORE AS THE SEAT OF THE UNITED NATIONS

Mr. RADCLIFFE. Mr. President, the discussion as to where the seat of the United Nations should be located has quite naturally led to the suggestion that Baltimore be selected for that purpose. The City Council of Baltimore has passed a resolution urging that Baltimore be chosen as the situs of the central offices of the United Nations, and I shall ask that this resolution appear in the RECORD following this brief statement by me.

There are many reasons why Baltimore should be selected, but I will refer to one only at this time. The location of Johns Hopkins University in Baltimore is highly significant. Johns Hopkins is well known to have been the pioneer in advanced research studies in this country. Its priority and prominence in such fields is fully recognized by scholars all over the world. When the Johns Hopkins University really founded the system of graduate research studies in this country, many persons were attracted as students to that university who afterward became very prominent. Among these was Woodrow Wilson, who for years studied history, economics, and political science at Johns Hopkins University and there received his degree of doctor of philosophy. The book which he wrote for his doctor's thesis at Johns Hopkins University was devoted to the subject of congressional government, and it promptly became an outstanding authority on that subject.

The fact that Woodrow Wilson devoted the remainder of his life to the science of government, as a teacher, writer, university president, and finally as President of the United States, was very largely due to his training at Johns Hopkins University.

It is generally conceded that the concept of the League of Nations was largely the product of the brain of Woodrow Wilson. Now that the United Nations are making another effort to set up an organization designed to keep peace in the world, it would be especially appropriate that the city where Woodrow Wilson received his training should be the seat of the new organization of the United Nations. Already in Johns Hopkins University is a school of international relations named after Walter Hines Page, Ambassador to Great Britain during the First World War; and well-established departments of history, political science, and economics are, of course, functioning at Johns Hopkins University.

A strong additional argument for the selection of Baltimore lies in the fact that Dr. Isaiah Bowman, who is the president of Johns Hopkins University, is an outstanding authority on history and government. President Bowman was a close adviser to the Allies when the League of Nations was being formed. His work recently at San Francisco was of tremendous importance in framing the Charter of the United Nations, and he has rendered invaluable services to the State Department for a number of years.

The splendid facilities of the Johns Hopkins University and other educational institutions in and around Maryland, and the proximity of Baltimore to Washington are among the numerous reasons why Baltimore is especially adapted to be the seat of the United Nations.

My colleague [Mr. TYDINGS] is fully in accord with the views which I have just expressed. If he were present today, he would doubtless make a statement on the subject. However, in accordance with an engagement of long standing, he is making a speech today in Detroit on the subject of the Philippines. As chairman of the Territories and Insular Affairs Committee he has been devoting much of his time recently to legislation regarding the Philippines.

I ask unanimous consent that the resolution of the City Council of Baltimore be appropriately referred and printed in the Record at this point as a part of my remarks.

There being no objection, the resolution presented by Mr. RADCLIFFE was referred to the Committee on Foreign Relations and ordered to be printed in the Record, as follows:

Resolution 497

Resolution requesting that Baltimore be selected as the home or seat of government of the United Nations

Whereas it will be necessary for the United Nations to select a city for the home or seat of government of the United Nations; and

Whereas the city of Baltimore offers numerous advantages in this respect, among which may be mentioned its nearness to our National Capital, thereby making it easily accessible to the diplomatic representatives of the several nations; and

Whereas the city of Baltimore offers many natural and recreational advantages, such as the Chesapeake Bay, its nearness to numerous mountain resorts, is within easy reach of Philadelphia, New York, and many other cities on the eastern seaboard; and

Whereas there is located in the city the world-renowned Johns Hopkins Hospital, Medical School, and University: Therefore be it

Resolved by the City Council of Baltimore, That the Secretary of State of the United States be and he is hereby requested to present these and other numerous advantages for selecting the city of Baltimore as the home or seat of government of the United Nations and to urge its selection for this purpose; and be it further

Resolved, That the chief clerk of the city council be and he is hereby directed to send a copy of this resolution to the Secretary of State of the United States and to the Senators and Representatives from Maryland in the United States Congress.

PEACETIME MILITARY CONSCRIPTION

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the

Record a resolution unanimously adopted at the annual meeting of the stockholders of Farmer's Union Cooperative Produce Association, at Devils Lake, N. Dak., representing 954 patron members, protesting against peacetime military conscription.

There being no objection, the resolution was received, referred to the Committee on Military Affairs, and ordered to be printed in the Record, as follows:

A resolution was passed unanimously at annual stockholder meeting of Farmer's Union Cooperative Produce Association in a recent meeting at Devils Lake, representing 954 patron members.

"Be it resolved, That this resolution be sent to our Senators and Congressmen at Washington, D. C., and be signed by our president.

"Since the United States Congress is considering a peacetime conscription of the Nation's manpower;

"And since the forces backing such a military policy unprecedented in United States history, represent United States Chamber of Commerce, military and Fascist leaders who would impose on us a military machine like unto the ones we are engaged in fighting in Europe and Asia—enemies of peace and freedom;

"Further, since we are engaged in a war costing us at least three hundred billions in taxes and millions of American casualties, and such war for the purpose of eliminating military dictatorship from the earth;

"Therefore, we resent peacetime conscription as a threat to our freedom and our way of life, and request Senators LANGER and YOUNG and Congressmen LEMKE and ROBERTSON to fight said conscription and vote against it and to keep us advised of their action through our president, C. W. Fine, of Sheyenne, N. Dak., and he to report to us."

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. BARKLEY, from the Joint Select Committee on the Disposition of Executive Papers, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted a report thereon pursuant to law.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McCARRAN:

S. 1519. A bill to amend the act authorizing the commencement and conduct of legal proceedings under the direction of the Attorney General; and

S. 1520. A bill to provide necessary officers and employees for circuit courts of appeals and district courts; to the Committee on the Judiciary.

S. 1521. A bill to amend section 4 of the act entitled "An act to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised," approved July 6, 1939; to the Committee on Banking and Currency.

(Mr. McCARRAN also introduced Senate bill 1522, which was referred to the Committee on Military Affairs, and appears under a separate heading.)

By Mr. JOHNSON of Colorado (for Mr. THOMAS of Utah):

S. 1523. A bill to modify the time limitations governing the award of certain military and naval decorations for acts performed

during the present war; to the Committee on Military Affairs.

By Mr. BAILEY:

S. 1524. A bill to amend Public Law 134, Seventy-ninth Congress, so as to clarify its provisions with respect to the hours of duty of postmasters and annual and sick leave for postmasters; to the Committee on Post Offices and Post Roads.

By Mr. KNOWLAND:

S. 1525. A bill to amend the Servicemen's Readjustment Act of 1944 so as to provide educational benefits for persons on terminal leave; to the Committee on Finance.

(Mr. WAGNER (for himself, Mr. TAFT, and Mr. WALSH) introduced Senate Joint Resolution 112, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

DISPOSITION OF ACCUMULATIONS OF STRATEGIC AND CRITICAL MATERIALS

Mr. McCARRAN. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill proposing to regulate the disposition of accumulations of strategic and critical materials by establishing permanently by law a policy whereby surplus minerals and surplus metals acquired during the war by various agencies of this country shall now be stock-piled and held definitely by the Government, thus to prevent the utter destruction of American prices and American markets for those commodities which have been accumulated by agencies active during the war for the prosecution of the war.

We have today a vast tonnage of minerals and metals in various forms held by several agencies which were set up to accumulate minerals and metals during the war. If these stock-piled minerals and metals are dumped on the American market or are held as a threat over the American producer in the future, then the American producer will be disturbed if not entirely impeded in production, and American venture money which has heretofore produced from the earth minerals necessary for the welfare of this Nation will not be forthcoming. Investment, to the extent necessary to carry forward adequately the development of our natural resources, will not be made if there is held over the heads of the producers a threat that these vast stock piles may be dumped on the market at any moment. It is my position that these stock piles now in the control of various Government agencies should not be released except by an act of Congress.

Under the Surplus Property Act strategic metals and minerals include copper, lead, zinc, tin, magnesium, manganese, chromite, nickel, molybdenum, tungsten, mercury, mica, quartz crystals, industrial diamonds, cadmium, fluor-spar, cobalt, tantalite, antimony, vanadium, platinum, beryl, and graphite.

As of September 30, 1945, the Metals Reserve Company had accumulations of tungsten, copper, lead, and zinc, as follows:

Tungsten	(contained	
WO ₃)	-----pounds	19, 693, 997
Copper	-----short tons	508, 726
Lead	-----do	82, 335
Zinc	-----do	571, 167

In addition, the Treasury Procurement Division, the War Department, and the Navy Department have stocks of these metals. There is no way of determining

just how much of these are held by the War and Navy Departments.

To illustrate the need for the legislation I am proposing, consider the case of mercury.

On June 8, 1942, the War Production Board directed that 30,000 flasks of mercury be purchased by the U. S. Commercial Company, a subsidiary of the Reconstruction Finance Company, from stocks of mercury in Spain so as to preclude its falling into the hands of the Axis. As directed, 30,000 flasks were purchased in Spain during 1942, at a total cost of \$7,603,600 or \$253 per flask. The United States became the sole owner of this mercury. However, it was shipped to the United Kingdom for temporary storage.

In 1944, the United Kingdom bought 14,000 of these flasks from the United States at \$220 per flask, at a loss to us of \$462,000 or \$33 per flask. The United States still retains title to the 16,000 remaining flasks, which we are told are still stored in England, but some of which, I believe, may have been already returned to this country. The probable loss to the United States on the entire 30,000 flasks has been estimated to amount to \$2,100,000.

Although negotiations have been under way with the United Kingdom for purchasing all or part of these remaining 16,000 flasks, the sale has not been consummated. Should negotiations fall through, all this mercury will sooner or later be brought to the United States, and thereafter dumped upon the domestic market as a surplus. The amount that I have mentioned so far is but a drop in the bucket as compared to the 83,638 flasks of mercury which are already stock-piled by the Government in the United States.

Were the total supply of mercury, to which the United States now has title, dumped into the domestic market, it would put an end to the need for domestic production of mercury for the next 2½ years.

When the mercury was purchased from Spain in 1942, the market price was \$196.35 per flask. Today the market price borders around \$101 per flask. There is no telling to what point the market would drop if the Government stock piles were released as surplus.

This is merely cited as an example, and it can readily be seen what will happen to the production of minerals and metals generally, if the other vast stores of tungsten, aluminum, copper, and other such materials, which are now stock-piled, were released as surplus.

The present bill is being introduced so that such stock piles will be retained by the Government, under the control of Congress, and not be released to the detriment of labor and industry of this country. We must remember that these stock piles represent not merely inert metals and minerals; they also represent man-hours of labor. Held by the Government, under a fixed policy such as this bill proposes, these stock piles are insurance against a possible future emergency; a protection against being caught short. Dumped on the market as surplus, or carried along in such man-

ner that they may be so dumped at any time, these stock piles are not a protection at all, but a serious danger to our economy.

There being no objection, the bill (S. 1522) to regulate the disposition of accumulations of strategic and critical materials, introduced by Mr. McCARRAN, was received, read twice by its title, and referred to the Committee on Military Affairs.

RESTORATION OF PALESTINE AS A HOMELAND FOR THE JEWISH PEOPLE

Mr. WAGNER. Mr. President, on behalf of the Senator from Ohio [Mr. TAFT] and myself I ask unanimous consent to introduce a joint resolution favoring action by the United States looking to the restoration of Palestine as the homeland for the Jewish people. I ask that it be appropriately referred.

There being no objection, the joint resolution (S. J. Res. 112) favoring action by the United States looking to the restoration of Palestine as a homeland for the Jewish people, introduced by Mr. WAGNER (for himself and Mr. TAFT), was received, read twice by its title, and referred to the Committee on Foreign Relations.

Mr. WALSH subsequently said: Mr. President, earlier today the Senator from New York [Mr. WAGNER] for himself and the Senator from Ohio [Mr. TAFT] introduced Senate Joint Resolution 112, favoring action by the United States looking to the restoration of Palestine as a homeland for the Jewish people.

Mr. President, I wish to associate myself with the proponents of this joint resolution, and to express the hope that early and favorable action may be taken upon it by the committee.

I have long been of the opinion that an immediate and definite position should be taken by our Government in behalf of a free Palestine. The delay in taking action has been conducive to misunderstandings here in America, and it has resulted in creating distress and social upheavals abroad. Millions of Americans of all races and creeds believe that the persecutions that have been carried on in Europe with such brutality can be greatly mitigated by opening the doors of immigration to Palestine and a free Jewish state established in that country. America must no longer fail the persecuted people of Europe, among whom the Jews have suffered to an almost unbelievable degree, and we should use our good offices in every way possible to provide a haven of safety where oppressed people can live in peace and possess the frugal comforts of life.

The widespread sentiment here in the Congress, as I observe it, favors freedom through justice for every people desiring and seeking it, and it is high time to emphatically express it by adopting the resolution just introduced. We owe it not only because of the traditions of our country in upholding the rights of persecuted minorities and of recognizing the right of people of small nations to be free, to support a free democratic Jewish commonwealth in Palestine, but we owe it also to the men of our armed forces who have fought and died for

the freedom and independence of individuals and nations.

It is part of our war aims. It is a humanitarian cause that touches the hearts of all who hate oppression and love justice.

In this connection I ask to have printed in the RECORD an editorial entitled "A Jewish Homeland," published in the Worcester Evening Gazette, Friday, September 14, which expresses my sentiments and views. I call attention in particular to one paragraph from this excellent editorial:

It is that the situation of the Jews in many of the European countries, and those who are refugees from those countries, is a human problem which it is the unavoidable duty to mankind to solve, and that it cannot be solved permanently and with decent dignity unless they are established in a homeland of their own. The natural location of this, and the only one which would have the appeal of ancient ties, or be available for acquisition, is in Palestine.

I agree most heartily with the further statement contained in this editorial:

The plight of the Jewish people in Europe today makes this one of the most poignant problems. They should no longer be the football of fate. They should have a land of their own, in which they can live as a free people unafraid.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A JEWISH HOMELAND

The Zionist cause has become so confused by conflicting interpretations of white papers, declarations, round robins, and all forms of political and international maneuverings that the broad principle of it has almost been lost to sight. That broad principle remains no matter who writes white papers, makes declarations, or interprets them.

It is that the situation of the Jews in many of the European countries, and those who are refugees from those countries, is a human problem which it is the unavoidable duty of mankind to solve, and that it cannot be solved permanently and with decent dignity unless they are established in a homeland of their own. The natural location of this, and the only one which would have the appeal of ancient ties, or be available for acquisition, is in Palestine.

The Jews have maintained their racial entity for thousands of years. It is only just that they should have a national entity. For centuries they have been persecuted, hounded, tortured, and slaughtered in European countries, where even the passing of generations and intermittent allowance of civil rights have kept them always in the status of aliens. Justice for them has been haphazard or denied. Yet their contributions to their adopted countries and to mankind have been notable in science, industry, and in culture. It is time they ceased to be the orphans of the world, and it will rest upon the conscience of the world until this is achieved.

It can be achieved only by giving the opportunity, for those who want it, to be established in a land of their own citizenship and government. There are problems to be solved and just and acceptable agreements to be made, but these are not unsurmountable. It will take patience, persuasion, and the demonstration of advantages to be gained all around, but these are normal processes by which the problems of the world have always been finding solution.

The plight of the Jewish people in Europe today makes this one of the most poignant

problems. They should no longer be the football of fate. They should have a land of their own, in which they can live as a free people, unafraid.

HOUSE BILL REFERRED

The bill (H. R. 4160) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was read twice by its title and referred to the Committee on the Judiciary.

REORGANIZATION OF GOVERNMENT AGENCIES—AMENDMENT

Mr. OVERTON submitted an amendment intended to be proposed by him to the bill (S. 1120) to provide for the reorganization of Government agencies and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—AMENDMENTS

Mr. GURNEY submitted an amendment intended to be proposed by him to the bill (H. R. 2948) to amend the Civil Service Retirement Act approved May 29, 1930, as amended, so as to exempt annuity payments under such act from taxation, which was referred to the Committee on Finance and ordered to be printed.

Mr. CAPEHART submitted an amendment intended to be proposed by him to the bill (H. R. 2948) to amend the Civil Service Retirement Act approved May 29, 1930, as amended, so as to exempt annuity payments under such act from taxation, which was referred to the Committee on Finance and ordered to be printed.

REDUCTION OF CERTAIN APPROPRIATIONS AND CONTRACT AUTHORIZATIONS—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (H. R. 4407) reducing certain appropriations and contract authorizations available for the fiscal year 1946, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 36, line 7, before the period, insert a colon and the following:

Provided, That (a) there shall be discharged from, or released from active duty in, the military or naval forces of the United States without delay, any person who requests such discharge or release and who—

(1) has served on active duty 18 months or more since September 16, 1940; or

(2) has, at the time of making such request, a wife or a child or children with whom he maintains (or would but for his service maintain) a bona fide family relationship in his home; or

(3) has, at the time of making such request, a mother or father dependent upon him for chief support; or

(4) desires to resume his education or training by enrolling in an educational or training institution, if his education or training was impeded, delayed, interrupted, or interfered with by reason of his entrance into the service. Any such person who was not over 25 years of age at the time he entered the service shall be deemed to have had his education or training impeded, delayed, interrupted, or interfered with.

LEAVES OF ABSENCE

Mr. CAPEHART. Mr. President, I ask unanimous consent of the Senate to be permitted to be absent from the sessions of the Senate until November 2, 1945.

The PRESIDENT pro tempore. Without objection, leave is granted.

Mr. MURRAY. Mr. President, I shall be absent from the Senate for several weeks as a member of the American delegation to the world conference to consider the creation of an educational and cultural organization of the United Nations. I ask unanimous consent that I be excused from attendance during that period.

The PRESIDENT pro tempore. Without objection, the leave is granted.

Mr. McCARRAN. Mr. President, I ask consent that I may be excused for 10 days, to go west on official business.

The PRESIDENT pro tempore. Without objection, leave is granted.

NAVY DAY—THE FOUNDERS OF THE AMERICAN NAVY

Mr. ANDREWS. Mr. President, tomorrow, October 27, will be Navy Day. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an article entitled "The Founders of the American Navy," by Capt. Dudley W. Knox, United States Navy, Deputy Director, Office of Naval History, in the Department of the Navy.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE FOUNDERS OF THE AMERICAN NAVY

Although there is no precise definition of the term "founder of a Navy," the many men who were conspicuously associated with the origins of our Navy might be regarded as its founders.

The first naval forces under Continental pay and control were those established in the spring and summer of 1775 by Generals Arnold and Schuyler on Lake Champlain, and by General Washington near Boston. The lake force saw no important service for nearly a year when under General Arnold it was defeated by a greatly superior British squadron, although the Americans had gained a vital strategic victory by delaying an invading British Army.

The so-called Washington's Fleet, however, was effectively employed at an early date. When General Washington took command of the Army before Boston in July 1775, the extreme shortage of powder and arms persuaded him to commission several vessels in advance of Congressional approval to prey on the sea communications of the British Army in Boston, in the hope of capturing munitions. The first of these vessels was the schooner *Hannah* which sailed on September 5, 1775, under Capt. Nicholson Broughton and brought in a prize within 2 days. Commodore John Manly commanded the little fleet of seven vessels that during several subsequent months were very active off Boston and made other valuable prizes of British ships carrying munitions.

Meantime, under the leadership of John Adams, Congress resolved on October 13, 1775, that two Continental ships be fitted out. This was the legislative birth of the permanent Continental Navy. A congressional naval committee was appointed, consisting of Silas Deane, John Langdon, Christopher Gadsden, Stephen Hopkins, Joseph Hewes, R. H. Lee, and John Adams. This committee laid the foundations of the Continental Navy. It directed the purchasing, outfitting, manning, and operations of the earlier ships, pre-

pared the legislation organizing the new naval service, and drafted admirable rules and regulations to govern its conduct and internal administration. The latter was principally the work of John Adams.

Esek Hopkins was appointed commander in chief of the fleet and had general charge of its preparation at Philadelphia under the supervision of the congressional committee. The work of structural alterations needed to transform the purchased merchant ships into men-of-war was placed under the naval architect, Joshua Humphreys. The rigging and outfitting of the ships were under Capt. John Barry. The matter of obtaining crews was given the special attention of the commander in chief, Hopkins, who was necessarily so much occupied with the affairs of the fleet as a whole that the preparation of his flagship, the *Alfred*, fell largely to the lot of Lt. John Paul Jones, the second in command on board the flagship.

The captain of each of the other ships attended to various wants of his own ship more particularly. These captains, in the order of rank, were Dudley Saltonstall, Nicholas Biddle, Abraham Whipple, John B. Hopkins, John Hazard, William Hallock, William Stone, and Hoysted Hacker.

The first Continental Fleet put to sea under these officers in February 1776. It proceeded to New Providence (Bahamas) and there landed and captured a large stock of munitions which was taken to New London, Conn., for the Army. Captain Barry was not in this fleet, but remained in Philadelphia and soon was put in command of the *Lexington*, which did splendid service in guarding the Delaware River and its sea approaches.

Following these initial operations which virtually "launched" the American Navy, other ships were put in active service on the home coast and overseas. There were frequent combats in which the "fighting edge" of the Americans was proven to be the highest. Among the more conspicuous who might be said to have fathered the fighting spirit of our Navy in this way were Capt. Lambert Wickes, Nicholas Biddle, John Paul Jones, John Barry, Gustavus Conyngham, James Nicholson, and Joshua Barney.

After the Revolutionary War the Navy went out of existence completely. It was not re-established until 1794, when Congress provided for the construction of six new frigates, and appointed six captains to supervise the work and to command the vessels when completed. These men were John Barry, who was the senior in rank; Samuel Nicholson, Silas Talbot, Richard Dale, Thomas Truxtun, Thomas Tingey, Stephen four; Barry, Nicholson, Dale, and Sever, were former officers of the Continental Navy.

In 1798 we went to war against the French at sea, hastily buying more ships and appointing more officers. In the subsequent 3 years of quasi-war, Capt. Thomas Truxtun especially distinguished himself in two successful and severe actions in the *Constellation* against French frigates. Lts. John Shaw and Charles Stewart also fought brilliant engagements in smaller ships. Among the squadron commanders were Capt. John Barry, Alexander Murray, Silas Talbot, Thomas Truxtun, Thomas Tingey, Stephen Decatur, Sr., and Richard Dale.

Closely following the quasi-war with France came our Barbary wars in which the most distinguished high-ranking officer was Capt. Edward Preble. He established an enviable fighting tradition in several hard fought attacks on Tripoli by a squadron of 14 vessels under his command, with the frigate *Constitution* as flagship. Under Preble's leadership the loosely knit Navy of that day became a unified fighting force for the first time, and this unification has lasted until the present time.

All of the persons named in the foregoing, from Washington to Preble, may be said to

have had an important part in the founding of the Navy. There were also others who might be included in a group designated as the founders of the American Navy. For example, Benjamin Franklin when acting as our diplomatic representative in France, was largely instrumental in creating a squadron of American ships for operations in Europe, and there was a period late in the Revolutionary War when the Continental Navy would have disintegrated but for the financial and political aid of Robert Morris.

ADDRESS BY HON. ALF LONDON ON THE INTERNATIONAL SITUATION

[Mr. CAPPER asked and obtained leave to have printed in the RECORD an address on the international situation, delivered by Hon. Alf Landon, former Governor of Kansas, before the Kiwanis Club of Lawrence, Kans., on October 25, which appears in the Appendix.]

ADDRESS BY MR. JUSTICE DOUGLAS BEFORE MISSOURI BAR ASSOCIATION

[Mr. BRIGGS asked and obtained leave to have printed in the RECORD the address delivered by Hon. William O. Douglas, Associate Justice of the Supreme Court of the United States, on the occasion of the annual meeting of the Missouri Bar Association, which appears in the Appendix.]

OPERATION OF THE PATENT OFFICE

[Mr. BRIGGS asked and obtained leave to have printed in the RECORD a series of articles on the United States Patent Office, written by Francis P. Douglas, and published in the Washington Star, and also an editorial from the Star on the same subject, which appear in the Appendix.]

WAGE INCREASES AND CONTROL OF PRICES—EDITORIAL FROM BRIDGEPORT (CONN.) HERALD

[Mr. MCMAHON asked and obtained leave to have printed in the RECORD an editorial entitled "Wage Increases With Control of Prices Essential To Save Our Living Standards," published in the Bridgeport (Conn.) Herald of September 30, 1945, which appears in the Appendix.]

TWENTY-FIFTH ANNIVERSARY OF THE ENFRANCHISEMENT OF WOMEN

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 107) authorizing the President to proclaim November 2, 1945, as Woman's Enfranchisement Day in commemoration of the day when women throughout the United States first voted in a Presidential election, which were, in line 3, to strike out "authorized" and insert "requested"; and to amend the title so as to read: "Joint resolution requesting the President to proclaim November 2, 1945, as Woman's Enfranchisement Day in commemoration of the day when women throughout the United States first voted in a Presidential election."

Mr. BARKLEY. I move that the Senate concur in the House amendments.

The motion was agreed to.

DISCRIMINATORY PRACTICES OF THE DAR

Mr. MEAD. Mr. President, I ask unanimous consent to have inserted in the RECORD a telegram which I have received from The Protestant and its ministerial associates in the number of some 5,000 clergymen, condemning the discriminatory practices of the DAR in recently refusing the use of Constitution Hall to a talented artist.

There being no objection, the telegram was ordered to be printed in the RECORD as follows:

NEW YORK, October 23, 1945.

SENATOR JAMES MEAD,
Senate Building, Washington, D. C.:

The Protestant and the more than 5,000 clergymen who comprise its ministerial associates deplore the discriminatory practices of the DAR in refusing Negro artist access to Constitution Hall, Washington, D. C. A proviso in the membership rules of the DAR states that any person who can prove herself to be a descendant of a Revolutionary War soldier is automatically eligible for membership in the DAR. More than 3,000 Negro soldiers fought in the armies of George Washington. The War Department has a record of these soldiers. The Protestant and its ministers respectfully urge that you search the genealogical section of the Library of Congress to determine whether female descendants of any of these 3,000 Negro Revolutionary War soldiers can be found because if they are found The Protestant intends to present them to the DAR as automatic members of that organization. We would appreciate an immediate reply concerning developments in this matter.

REV. BEN RICHARDSON,
National Executive Secretary,
Regional Action Committees of The
Protestant, New York, N. Y.

Mr. MEAD. Mr. President, I desire to commend The Protestant and its ministerial associates and likewise the DAR chapter at Le Roy, N. Y., who, according to a recent newspaper report, have also adopted a resolution condemning the action taken by the DAR authorities in connection with Constitution Hall. On October 18 the Le Roy Chapter held a meeting at Le Roy, N. Y., and adopted a resolution, which reads as follows:

Resolved, That Te-Car-Na-Wun-Na Chapter, NSDAR, regrets the recent action taken by the national board in regard to the rent of Constitution Hall to Negro artists, and resolved that we urge the immediate repeal of the rule forbidding such renting.

Similar action was also taken by the State Department of Catholic War Veterans at Bayonne, N. J., on October 17.

I also ask to have included in my statement in the RECORD a resolution adopted by the Washington Citizens' Committee on Race Relations on October 15, 1945, in which they deplore the action taken by the DAR authorities in regard to Constitution Hall on racial grounds.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

The Citizens Committee on Race Relations hereby expresses its profound regret at the decision of the DAR to restrict the use of Constitution Hall on racial grounds. We feel this action is not consistent with the patriotic principles of the DAR, and believe it has keenly disappointed all workers for an increased practice of democracy in the District of Columbia, and throughout the country. We are, furthermore, persuaded that such discriminatory decisions as the DAR has just made contribute to tension and division among our citizens.

Mr. MEAD. Mr. President, I also wish to have inserted in the RECORD a letter indicating the position taken by the Committee of Catholics for Human Rights which, like The Protestant and its ministerial associates, has deplored the position taken by the DAR authorities in refusing to rent Constitution Hall to a

talented Negro artist who recently applied for that opportunity through a sponsoring committee.

The committee, in a letter addressed to Mrs. Thomas Garrison, president of the National Council of Catholic Women, had this to say:

MY DEAR MRS. GARRISON: Because of the repeated discrimination against Negroes by the Daughters of the American Revolution, the Committee of Catholics for Human Rights is compelled to petition Congress to revoke that organization's charter (on the grounds of violation of its purpose and un-American activities) and to exclude Constitution Hall from tax exemption (on the grounds that it is not a semipublic institution).

As Catholics, we are indignant at the un-Christian attitude of the DAR, their contemptuousness of God-given rights, and their mockery of Christ's sacrifice for every person. We are certain that the members of the National Council of Catholic Women are shocked as individual Catholics at this blatant violation of God's commandment to love thy neighbor. We assure you that it would be most edifying to us as Catholic Americans, and to the entire Nation, if your organization, comprising the Catholic women leaders of the country, would publicly denounce the action of the DAR against Hazel Scott and other Negro artists.

It would demonstrate most aptly the Catholic awareness of the sacredness of human rights, as well as the obligation which citizenship places upon us always to sustain and to defend the democratic ideals to which our country is dedicated. The DAR has sought self-justification by pointing to the "prevailing custom of the District of Columbia regarding schools, auditoriums, theaters," etc. A public statement by the National Council of Catholic Women, whose national headquarters is also in the District of Columbia, would indicate the unquestionable scorn of Catholics for false traditions and our firm adherence to the religiously inspired custom of morality in all things.

If any National Council of Catholic Women members who also belong to the DAR would insist upon a reversion of attitude on race-discrimination by the executive committee and national board of management, and, in the event this proposal is rejected, would publicly dissociate themselves from that organization because of its denial of Christ in its policy and acts, they would demonstrate an inspiring example of the action which expressed Catholic conviction.

We Catholics must denounce these acts of bigotry, uncharitableness, and discrimination which exclude Christ from our life in this country. We look forward to your action on this matter and to a further exchange with you on subjects of mutual interest.

Mr. President, this organization also sent a message to Mrs. Truman, in which they said:

Beg you resign from Daughters of American Revolution because of its undemocratic, ungodly policy of race discrimination. Your dissociation will be an example to the Nation, which is opposed to policy of race discrimination.

Mr. President, I should also like to have included in my statement a very logical editorial from the New York Times of October 14, 1945, entitled "White Artists Only."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHITE ARTISTS ONLY

In his letter to Representative POWELL, made public yesterday, President Truman

deplored the racial discrimination which barred Hazel Scott from the DAR's Constitution Hall in Washington, but said he couldn't interfere with "a private enterprise." He probably couldn't, but the DAR is not altogether private. It exists under a congressional act of incorporation, for the purpose, among others cited, of "securing for all mankind the blessings of liberty." It has the right to deposit its collections, if it can't find room for them elsewhere, in the Smithsonian and National Museums. It is privileged to make an annual report to the Smithsonian's secretary, who transmits it to Congress, which customarily causes it to be printed in the Government Printing Office. The DAR certainly has some responsibility toward the citizenry at large, including those of races not represented in its membership.

The DAR can't be an exclusive social club and also a public institution. It can't shut out large numbers of good Americans and expect to be venerated by those and other good Americans. It can't stand for the American patriotic tradition and close its doors to the descendants of Crispus Attucks, first American to fall in the Boston massacre, and Peter Salem, said to have fired the shot that killed Major Pitcairn, the British officer who started the Revolutionary War. It can't point to an unbreakable segregation rule, for in January 1943 under pressure of public opinion, it broke that unbreakable rule and permitted Marian Anderson to sing in Constitution Hall. It can't consistently, with a membership descended from revolutionists hang its case for segregation, as the executive committee tries to do, on "prevailing custom."

The ladies of the DAR are responsible for many good works, as any reader of their annual reports (see S. Doc. No. 251, Government Printing Office, 1945) must realize. But their good works will not help the much in popular esteem if they cater to an unworthy and unpatriotic prejudice.

Mr. MEAD. Mr. President, the precious gifts of artistic talent and expression are granted to only a very few. Moreover, they are bestowed without regard to race, color, creed, or condition of life.

The United States has a rich, cultural heritage which has thrived because our people, unlike those of some other countries, have been free to create their own culture in their own way. This freedom must be encouraged to exercise an even greater force in the difficult years ahead, if we are to achieve the lasting peace the world so sorely needs.

Here in America, I believe that our States and municipalities in particular should foster greater cultural growth and development by building more auditoriums, libraries, and other places devoted to the advancement of arts and letters.

Mr. President, I would suggest that here, in the capital of the United States, we build an academy of music, by congressional appropriation, to foster, encourage, and develop the talents of all our citizens.

In the meantime, Mr. President, I shall always stand ready to protest vigorously the type of action which was taken recently when the doors of Constitution Hall in Washington were closed to a musical artist of recognized talent only because of her race. Clearly, those responsible for such discrimination must realize that by their action they are defeating the cause they are presumably striving to advance, namely, full and free expression of true art and true culture. Certainly they must know that narrow-

mindedness and prejudice can serve only to destroy the very seeds from which true artistic greatness grows.

[On request of Mr. BILBO and by unanimous consent, the following remarks subsequently delivered by him were ordered transposed to this place in the RECORD:]

Mr. BILBO. Mr. President, I wish to ask the Senator from New York a question before he takes his seat.

Being a member of the Protestant denomination, I was a little bit shocked a while ago when he introduced for the RECORD a resolution from 5,000 Protestant churches of this country denouncing what I consider to be the patriotic and American stand of the DAR in refusing to let their hall be used as a boogie-woogie reception room for this jazz queen from the island of Jamaica. Will the Senator explain to me what he knows about this Protestant organization which has attempted to interfere with the boogie-woogie dance music of this country? I should like to know who the persons are who compose the organization, where they are from, and what churches of the Nation they represent, if the Senator knows anything about the matter.

Mr. MEAD. Mr. President, first of all, it is refreshing to know that my colleague from Mississippi was shocked, because I know of no other Member of the Senate who has shocked the sensibilities of the people of my State as much as has the Senator from Mississippi.

Mr. BILBO. I am not responsible for the condition of the Senator's constituency.

Mr. MEAD. Mr. President, for fear that there might be brought into the CONGRESSIONAL RECORD, as a result of any encouragement on my part, a prolongation of this controversy, which has included statements which are derogatory of people in my State whom I admire very highly with regard both to their talents and their patriotic standing in the community, I shall not encourage my distinguished colleague to indulge in flights of fancy which might result from such derogatory statements. I merely say to him that I now yield the floor, and in his own time he may say whatever he wishes about the material which I have placed in the RECORD.

Mr. BILBO. Am I to understand that the Senator refuses to tell me what churches are represented in the telegram he presented? I am a Protestant, and I resent the telegram. I should like to know what churches are involved, and where they are located.

Mr. MEAD. If the Senator can refrain from making disparaging remarks about people who live in my State, I shall very willingly enter into a controversy with him, but the Senator has shown no desire, willingness, or intention to pay such courtesy to my constituents. I therefore hesitate—in fact, I refuse—to encourage a continuation of a controversy which I know will lead to further disparaging remarks.

Mr. BILBO. Mr. President, in reply to the statement of my distinguished friend from New York, I may state that I am not conscious, and have not at any time been conscious, of being disrespectful to his constituents. I am sure he would be

surprised were he to read letters which I have received in my office from persons in New York approving the statements which I have been charged with having made upon the floor of the Senate with regard to certain issues before the American people. I admit that there may be a few of his constituents who do not agree with my convictions with respect to certain questions; but I certainly believe that, as a Member of this body, I have a right to know the source of telegrams, resolutions, and other matters which are offered for insertion in the CONGRESSIONAL RECORD. I believe that to be especially true with reference to resolutions condemning the Daughters of the American Revolution, an outstanding patriotic organization consisting of the cream of the womanhood of America. The organization only exercised its constitutional rights by refusing to allow its auditorium to be used for a boogie-woogie jazz performance. The refusal in this instance is not the first which that organization has made in the past when no question of race was involved. It is the purpose of the organization to insist upon a high level of performance when permitting its auditorium to be used for entertainment and cultural purposes.

I have been working for several weeks on some remarks which I propose to make in defense of the DAR, which has been offended, insulted, abused, and denounced by irresponsible people in this country.

Being a Protestant myself, I want the Senator from New York to tell me what kind of Protestants he says are represented in the telegram. If he refuses to do so, and resents the statements which I have made, that is his right. Apparently I have offended some of his constituents, for during the past few weeks various persons have been picketing in front of my home, and making a display of resentment because of some statements I have made on the floor of the Senate. The immunity guaranteed under section 6, article I of the Constitution, to the effect that a Senator is immune against attacks for whatever he may say on the floor of the Senate, does not mean anything to the constituents of the Senator from New York, because some of them have been making a nuisance of themselves on my front porch for several weeks, and it is said that they have been doing so because of my racial views.

Within the past few days I have finished the last chapter of my book on the subject of racial questions, and when it has been read by some persons it may result in extending the picket line a mile long in front of my porch.

REPORT OF SPECIAL COMMITTEE TO INVESTIGATE THE NATIONAL DEFENSE PROGRAM

Mr. MEAD. Mr. President, I now desire to bring to the Senate a report resulting from an investigation made by the Committee to Investigate the National Defense Program.

I wish to say, in the presence of my distinguished colleagues, the members of the Committee on Military Affairs, the Committee on Naval Affairs, and other committees which have to do with the

services, namely, the Army and the Navy, the Marine Corps and the Coast Guard, that it is the policy of our committee to withdraw from investigations which are being made by regular standing committees of the Senate as soon as their investigations are brought to the attention of our committee. That was the policy of our committee from the beginning. It was adopted by the illustrious chairman of the committee, who is now President of the United States, and it is being followed now by me, with the approval of the members of the committee.

Sometime last year we undertook the investigation of the problem of transportation, and that led us to an investigation of transportation in connection with the redeployment of troops, and very naturally that led us into an investigation of the part played by transportation in the discharge of troops.

Now, Mr. President, we are prepared to turn over the material and the information we have to the other committees which have expressed an interest and which are investigating this subject, but before doing so we wish to submit to the Senate a report, which I am now ready to make.

Mr. President, like other Members of Congress, I have been besieged with complaints from soldiers and sailors and their parents, wives, and sweethearts, because of the inability of the boys to get back home.

I need hardly remind this body that from my own State of New York, there has been a perfect avalanche of mail and other communications concerning the subject of Army and Navy discharges. However, Mr. President, it is not to complain of the burdens of a Senator that I rise to speak on this subject today. I merely mention this as one of the circumstances which has led me, as chairman of the National Defense Committee, to make an examination into the practices and accomplishments of both the Army and Navy in handling the tremendous problem of demobilizing our armed forces.

First, however, let me explain that the informal investigation which the committee has made bears no relation whatever to the question of the appropriate size of our armed services, or the degree to which they should be increased or reduced. Those are matters of military strategy and involve the carrying out of strategic plans for the occupation of enemy territory and the ultimate size and strength of our permanent peacetime Military Establishment. The committee has directed its attention merely to the discharge program set up by the military and the manner in which it has been conceived, administered, and carried out.

The committee has been interested in personnel demobilization of the Army and the Navy for several months. It held three public hearings relating largely to the release or furloughing of Army personnel for a few critical industries in which manpower shortages threatened to impair the fulfillment of the program for such industries for the war effort and also threatened to delay ultimate reconversion. These industries were transportation, coal mining, lum-

ber, and textiles. These public hearings were held on Monday, July 23, 1945, Tuesday, July 24, and Friday, July 27.

Subsequently, the committee has held executive hearings in Washington and in the field on the following days: Wednesday, October 3, 1945; Tuesday, October 9, 1945; Wednesday, October 10, 1945.

Field investigation hearings were held at Fort Meade, Md., on Saturday, September 22, 1945; at Bainbridge, Md., on Monday, October 1, 1945; at Fort Dix, N. J., on Friday, October 12, 1945; at Lido Beach, Long Island, on Saturday, October 13, 1945; and Camp Shanks, N. Y., on Saturday, October 13, 1945.

On the basis of the foregoing hearings and additional material furnished to the committee through correspondence and conferences, the following analysis of the discharge system of the Army and the Navy is submitted:

First. Adequate plans for personnel demobilization were not made sufficiently long in advance, with the result that upon the cessation of hostilities, the services were caught unprepared for the mass discharge of their personnel.

Mr. President, this may be due in part to the fact that a number of our large camps and facilities were not being used, and were being closed down, and in some instances were being declared in excess of needs. At that time a plan was made, a very carefully developed plan, for the termination of contracts, but the particular plan for the demobilization of the military personnel was put off altogether too long.

The committee has listened to the description of the Army's matériel demobilization and was impressed with the promptness and efficiency with which procurement was terminated or reduced, almost simultaneously with the end of the fighting. These plans had been worked out in detail long before the end of the fighting and were all set to be placed in operation on VE-day and VJ-day, whenever they might occur. I believe the Army is to be commended for the job of stopping procurement promptly. However, when we turn to the demobilization of personnel and the attention given by the Army to the feelings and desires of human beings, I find it very difficult to be proud of the forethought and planning that must have been known to be just as necessary, if not more so, than the handling of property when the fighting ceased. In contrast to matériel demobilization, which was swift and well-planned, personnel demobilization has been a welter of confusion and lack of forethought.

Dealing in large masses of people to be processed through the steps of the discharge procedure in a short period of time was a tremendous administrative undertaking, which ought to have been carefully planned after study of all the factors which would necessarily be involved, such as transportation; the physical facilities for housing persons in process of discharge; the space and office equipment necessary for the completion and correction of records; the facilities, equipment, and personnel necessary for medical examinations; and the staff who would be required to perform all of the

functions necessary to the completion of discharge.

The evidence that such plans were not made sufficiently long in advance was testimony given at the various separation centers themselves that shortages in personnel to handle separations was a limiting factor, as well as shortages of office equipment, medical equipment, and even space. The slow rate of discharges in the earlier stages of the discharge program is also evidence of inadequate advance planning.

Second. The principal bottleneck retarding the discharge of Army and Navy personnel is the shipment of men to this country from combat theaters. Transportation will continue to be a bottleneck as to the European theater until January or February of 1946, and as to the Pacific theater until April of 1946.

In answer to a question, the committee was furnished with a schedule of shipping from all theaters to the United States. The question and answer appear in the hearings and are as follows:

Question 11. The number of men expected to be brought to the ports for discharges by month for the next 12 months.

Answer. Present shipping schedules, as agreed to by theater commanders, indicate the following returns:

October	640,000
November	670,000
December	690,000
January	430,000
February	370,000
March	350,000
April	330,000
May	180,000
June	80,000
July	No figure available
August	No figure available
September	No figure available

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. FERGUSON. Do the figures which the Senator has just given represent our total capacity of ships, or do the figures represent the number of men the theater commanders would like to send home?

Mr. MEAD. The figures represent the numbers agreed upon by the theater commanders.

Mr. FERGUSON. Would that not indicate that the numbers given represent what the commanders desire to send home rather than our capacity to bring them home?

Mr. MEAD. The position taken by the theater commanders is probably a limiting factor. There is included in the situation the number of men who have the required points, the location of those men, the turn-around time for the shipping capacity, whether it be in the Atlantic or in the Pacific; but there is the possibility referred to by the Senator from Michigan, that the position taken by the theater commanders is a limiting factor.

Following the table of figures I have just given, I quote further the answer to question 11:

It will be noted that the above figures reflect a relatively high rate of return during the remainder of 1945, with a lower return thereafter. This is due to the fact that Europe will be cleaned out by this time except for essential personnel which can only be

released as fast as installations can be closed out. General MacArthur's returns which started later than General Eisenhower's continue at a high rate until spring, at which time he will have to taper off his returns for the same reason.

At the hearing held on October 9, 1945, General Gross, Chief of Transportation, testified that a reduction in the figures for October, November, and December of 40,000 per month would have to be made, because of the release of the *Queen Mary*, the *Queen Elizabeth*, and the *Aquitania*—or their equivalent—to the British. The decision to release this shipping was made on October 5, 1945.

A second factor in the shortage of transportation is that the conversion of Victory ships has been delayed approximately 30 days because the repair and reconversion shipyards did not turn out the work as fast as had been scheduled. This conversion program is expected to be completed by November 5. General Gross testified that no speeding up of the discharge process could be accomplished through the conversion of additional Liberty or Victory ships because of the fact that the period required to convert them is so long that they would not be ready for use before ocean shipping had ceased to be a bottleneck.

A further important factor restricting the transportation to the United States from combat theaters is the shrinkage in the capacity of the Air Transport Command, which has receded from a high of approximately 90,000 in July to approximately 44,000 in September. Estimates of capacity of the Air Transport Command for the next few months are as follows:

	Trans-Atlantic	Pacific
October.....	11,600	16,200
November.....	10,350	15,300
December.....	10,350	13,500
January.....	8,700	9,000
February.....	7,550	9,000
March.....	6,550	9,000
April.....	6,150	9,000
May.....	5,000	8,100
June.....	4,300	8,100
July.....	3,300	6,300
Total.....	73,850	103,500

The figures for the projected months are not necessarily the number of persons that will be returned, but rather the capacity of the aircraft in units of 250 pounds each. Approximately 80 percent of the units will be represented by personnel and the remainder by mail or cargo.

One of the reasons for the tremendous reduction in air-transportation capacity is that of the nearly 90,000 returned in July, 24,000 were flown on tactical aircraft, which was returning from overseas, representing simply a one-way flight and not used for return flight.

The Air Transport Command, however, carried 65,000 in the month of July. It had been announced in the late spring that the Air Transport Command would carry 50,000 returning military personnel a month. On August 15, this was reduced to 35,000. On September 10, this was further reduced to 10,000 per month. The reduction from now on is at an even faster rate.

General George, commanding general of the Air Transport Command, explained that these reductions were made necessary because the Air Transport Command was losing its personnel and its essentiality for military operations—not only pilots and ground crews, but supervisory personnel—who were entitled to discharge under the point system, and that the reductions in carrying capacity were made in order to assure a safe operation.

This is another example of inadequate planning for personnel demobilization. It could well have been anticipated that transportation would be required to return personnel from combat theaters, and a part of the program should have been to maintain personnel in the Air Transport Command sufficient to make a greater contribution to the transportation of returning personnel.

The transportation capacity stated above may be still further reduced by requests by the British and Dutch for the return of additional vessels. This is now under discussion.

Another source of capacity for transporting troops is in new and converted combat ships. These should be utilized for this purpose to the greatest extent possible.

I am told, Mr. President, that new combat ships are being rushed into this particular service as fast as they are available. I have in that connection a table setting forth the types and capacities of new naval ships which will be available for troop-transport service on the dates mentioned in the table. Some of these ships are large aircraft carriers. These are in addition to those now in use.

The following ships will be available for troop-transport service in the Pacific area:

Nov. 1, 1945:		
7 large aircraft carriers, average capacity about 3,500 each.....	24,800	
7 battleships.....	11,254	
11 light cruisers, 800 persons each.....	8,800	
9 heavy cruisers, capacity 900 persons each.....	8,100	
Nov. 5, 1945: 41 escort carriers (baby flat tops), 1,000 persons each.....	41,000	
Dec. 5, 1945: 203 assault transports, capacity 1,400 persons each.....	284,200	
Dec. 5, 1945: 17 assault cargo ships.....	17,000	

Total capacity, 295 ships, Pacific..... 395,154

The following naval ships will be used for transporting troops in the Atlantic:

Nov. 15, 1945:		
2 heavy cruisers.....	1,795	
4 light cruisers.....	3,600	
3 large carriers, 5,000 persons each.....	15,000	
3 cruiser-carriers.....	4,800	
Total capacity, 12 ships, Atlantic.....	24,195	

The grand total, added to the personnel carrying capacity in the Atlantic and Pacific as the result of the conversion and the utilization of these new ships, is 307 ships, with a capacity of 419,349—above the present capacity. It will include the operation of 307 new ships in the service.

Third. The point-discharge system was adopted upon a theoretical basis

without adequate study of the feasibility of carrying out the provisions of the system so that all those entitled to discharge under it might be transported to this country and separated at approximately the same time.

At the committee's hearing on Friday, July 27, Col. William J. Brennan, Chief of the Labor Branch, Army Service Forces, testified:

In respect to the general discharge program, the point system was developed, as you know, after consultation with the GI's themselves regarding what factors should be taken into account in making discharges, and it is the GI's who said that they wanted the four factors which the discharge program uses: length of service, of service overseas, of combat experience, and number of children. They had an opportunity to vote on the occupational qualification as a factor and they turned it down overwhelmingly.

In establishing the system, as described above, the fact was overlooked that there are no central records which quickly disclose the number and location of personnel who would be entitled to discharge under such a system. In order to obtain such figures, reports must be received from the combat theaters themselves, a requirement which obviously would prevent the speedy accumulation of the facts which it would be necessary to have in order to forecast how quickly those who would be entitled to discharge could be transported to this country and processed through the separation centers.

In general, the point system was adopted without adequate study by the services in order to determine whether or not the promises made in the point system could actually be kept by the services. This has undoubtedly contributed a great deal to the dissatisfaction and complaints of the service men and women and their families. For example, I have received a petition from 176 men stationed at Okinawa whose points range from 86 to 105, most of them averaging 95 or better, who state:

Shortly after VE-day our troops were shown a training film called "Two Down and One To Go," which explained the point system for discharge. Most of us agreed that it was a fair policy and were confident that with our amount of points it would not be long until we were released from the service.

The men that are leaving for discharge from Okinawa are not being shipped according to the policy of the point system. In all the cases they are leaving by units instead of the high-point men first. These units are sending men with the minimum required 85 points while the majority of men in our unit, the Fourteenth Corps Artillery, have from 95 to 105 points. At present we have no hopes of going home.

At the rate men are being sent from here, it will be a long time before we can even hope of going home. The War Department's statement, broadcast today, stated, "there will be 6,000,000 men released by July 1, 1946." At the rate they are discharging men from here the majority must be in the States or in the ETO. The War Department has also boasted that they have been able to move 200,000 men and equipment for the invasion at once. Since the surrender of Japan they cannot provide transportation for the few thousand that are eligible to return home for discharge.

We boys won't forget that during the war they were able to send wives of American soldiers from Australia to the States while men

on isolated outposts with 2, 3, and 4 years overseas could not get home.

We were told "that in order not to lower the strength of our unit" we would have to wait for replacements. Our replacements arrived and were assigned to this unit quite some time ago and we are still waiting for our release. Incidentally, we are 20 percent over strength at present.

In another broadcast, we were given to understand that the surrender of Japan would have no effect on the discharge plan. According to our personnel officer, "our points are worthless because they are sending units instead." In our opinion, this is not fair to send a man with 85 points ahead of one with 105 points. There is a difference of more than a year's service between these figures. The majority of us have 42 months overseas without a furlough or rotation which in itself should be considered in getting us home.

We have received clippings from American newspapers to the effect that all men with 85 points and over have left Okinawa for home. Was this statement War Department propaganda or newspaper propaganda?

Our unit is a veteran of three combat missions, the Marianas, Philippines, and Okinawa. We are still classed as combat troops.

This is by no means an isolated instance. This situation has been repeated over and over again in the correspondence received by Members of Congress. Persons eligible for discharge under the point system are not being discharged.

Fourth. Substantial improvement has been made in the rate of processing men through separation centers.

The material previously furnished to each of the members of the committee in answer to the committee's questionnaire for both the Army and the Navy showed the improvement made in the rate of discharge and the increased capacity of separation centers. In the Army, the daily rate of separations during the month of September increased from 10,828 on September 1, 1945, to 29,149 on September 30, as of which latter date a total of 1,178,302 persons had been separated since VE-day. In the Navy, daily separations were 2,884 on September 1 and 10,329 on October 1. The increase in the capacity of all separation centers had, likewise, been substantial. In the Army as of the beginning of October, the capacity of all separation facilities was 28,583 a day. Expansions and additions will add 4,100 more to the daily capacity, bringing it to a total of 32,683. In the Navy, the capacity as of the beginning of October was 10,248, which will be increased to a daily separation capacity of 18,465.

With respect to the operation of the personnel separation centers, it should be recognized that the services are wisely seeking to avoid the situation which caused considerable trouble after the last war. At that time records were poor and incomplete and medical examinations were inadequate, with the result that the proper administration of veterans' rights was impaired. Service records, financial records, and physical condition are thoroughly checked under the present separation procedure. This should save a great deal of time and confusion in later years and should more equitably give to the veteran the rights which the law provides. Accurate and complete financial, service, and medical

records will prove of great value both now and in future years.

Some of the other time-consuming activities at separation centers, however, might be substantially curtailed. Such activities as orientation and counseling. The natural and paramount urge of the service men and women is to get back to civilian life as quickly as possible and they are in no frame of mind to spend much time on discussing personal problems and prospects of employment at great length with a counselor. Information on the privileges and benefits to which the service men and women are entitled under the GI bill of rights is furnished in pamphlet form. This would seem to serve the major need, which could be supplemented by an advisory service on a voluntary basis for the serviceman to get additional information or personal counseling if he so desired, but this should not be obligatory.

Counseling service is already available and could be made more extensive in the local community where the discharged service men and women plan to reside. After the veterans have actually rubbed shoulders with the problems in their local communities, counsel and advice would be much more valuable than any cut-and-dried procedure at a personnel separation center could possibly be. Already in many local communities there are a number of agencies which are capable of supplying counsel and advice to the veteran. These agencies include the Veterans' Administration, American Legion, Veterans of Foreign Wars, the Red Cross, and various municipal and State organizations.

In that connection, Mr. President, there are at least 8 or 10 information centers in my home city of Buffalo which are under the direction of the local authorities, the State authorities, the Federal authorities, the servicemen's organizations, the Red Cross, and others. So there is an abundance of information centers in the communities, ready to serve the veteran when he returns to his home community. However, counseling service should always be made available on a voluntary basis, even in the discharge centers and in the processing centers.

Mr. President, the sum total of the present situation has been most costly to the long-range objectives of the services themselves and the cause of adequate preparedness in time of peace. The unfavorable reaction, not only among the men and women who have fought and sacrificed in this war, but in the public, generally, has been so widespread as to constitute definitely an important factor in the public reaction to proposed military programs for the future. The services themselves should be the first to be interested in restoring the degree of public confidence which is necessary in a democracy if the Military Establishment necessary to our protection in peacetime is to be achieved and maintained. A continuing acceleration and refinement of the discharge program, having the needs of the services in mind, will have a wholesome effect.

Before I conclude, I wish to say a word of commendation of the new Secretary

of War and also of the Secretary of the Navy. They have infused new life, as it were, into this program and other programs, and they have given cooperation to the committee and an increasing interest to the problems of the committee. I conclude by saying that I trust this program will be accelerated and refined and corrected until it reaches its maximum.

Before I take my seat, I desire to read a few paragraphs from a letter which came to my desk recently. It brings to the attention of the reader the attitude of the average GI. The author of the letter very succinctly states in a few words what is very generally, I think, the thought of his colleagues. I read from his letter:

The daily, incessant, never-ending topic of conversation for each and every GI and officer is without exception the famed overseas theme chant, "When do we go home?" It is rendered in unison, chorus, or individually. The current news on the availability of shipping, daily arrivals, and the factors and contingencies affecting same are watched avidly, much like the ticker tape at the stock exchange, or a score card marker at a ball game.

All soldiers can readily discuss shipping space, troop capacity, speeds, distances, turn-about time, turbines, etc., much in the manner that the hot-stove league holds forth on baseball batting averages and comparisons of the diamond's immortals throughout their respective careers.

It would seem that now all in life is reducible to the one allegedly simple statement and incalculable equation, to wit: the ETO chant. The Army has done a splendid job with its I. & E. program, tours, schools, special service, and the like, and these have proven most deserving and beneficial.

But, Mr. President, the average GI is asking the question, "When do we go home?"—and that particularly when he has the necessary points required for his separation. I wish to commend the GI's for the excellence of their work and for their patience, and I express the hope that all of them who have the necessary points will be home very shortly.

Mr. WALSH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. MEAD. I am glad to yield. I yield to my distinguished colleague from Massachusetts.

Mr. WALSH. Mr. President, I entered the Chamber a little late, and, accordingly, I look forward with very much interest to reading the Senator's remarks in the CONGRESSIONAL RECORD. Will the Senator tell me from which special committee the report he has submitted came?

Mr. MEAD. The report was submitted on behalf of the Special Committee to Investigate the National Defense Program. In the beginning of my remarks I said that about a year ago we began to investigate the question of transportation and the discharge and furlough of men from the service, because of a breakdown in the provision of essential war needs, such as coal mining, rubber-tire production, and so forth, and that led into a study of transportation as it affected redeployment, and a further extension of that study as it affected discharges. I said we have accumulated

this material, we have completed our hearings, and are submitting the material now to the regular standing committees of the Senate, because it is our understanding that they are investigating the question, and it is the policy of our committee not to duplicate any pending investigations or studies.

Mr. WALSH. Will the Senator state whether, as a result of the study and investigation made by his committee, he is satisfied that every possible effort is being made to provide suitable transportation for the discharge of the men in the Army and the Navy who are anxious to return to their homes?

Mr. MEAD. The report sets forth the information that all the shipping which is available or which can be converted and the new shipping which is now becoming available are being placed in the service, and that the service is being accelerated at a substantial rate, except as it applies to the Army Air Transport Service. There, by reason of the fact that tactical ships are flown only one way, and then are taken out of service, and also because of the fact that personnel is being separated from the service, there is a diminution from the high point to what might be called a vanishing point. But there is an acceleration of the lift, insofar as the addition of every possible ship of ours is concerned. Some ships flying foreign flags are being taken from the pool, and that results in a loss. But we are told that in the European theater the bottleneck in shipping will be overcome by February, and by April in the Pacific theater.

Mr. WALSH. Mr. President, have the complaints which the Senator has received come from men who have the necessary number of points for their discharge? Are they complaining about the delay?

Mr. MEAD. Yes; a good many have come from men who have sufficient points; and a petition came from Okinawa, from men who have as many as 105 points, who complained that entire units were being transported away from there; that in some cases low-point men were in the units as well as high-point men, but other high-point men were left there, on the theory that they were waiting for replacements. However, after the replacements arrived, they were still being held there because of the fact that they were to be sent back by units, and sending them back by units really works an injustice on the high-point men.

Mr. WALSH. I have received complaints similar in character to those to which the Senator from New York has referred, and I am gratified to know that his committee is specially considering the transportation features or lack of transportation features. I hope and believe that some good will come as a result of the study which has been made by the Senator's committee, in view of the complaints which have been made.

Mr. MEAD. I thank the Senator.

Mr. FERGUSON. Mr. President, I desire to make a few observations on the subject to which the able Senator from New York [Mr. MEAD] addressed himself. The Senator from New York is the chair-

man of the Special Committee to Investigate the National Defense Program. Being a member of that committee, I have been present at its sessions when the committee took up the subject of releasing men from the armed forces.

I desire merely to add some personal observations of my own with regard to the management of the personnel demobilization plans of the Army and the Navy. I wish first to emphasize that the point system is simply not working. The accuracy of that statement is borne out by the reports we have received from the GI's who know how the system is operating at the front. I think it is important that we in Congress should know the views of the men at the front who are subject to the system, and who know how it is operating. I have received many letters and cablegrams, a few of which I wish to read into the RECORD. The first is a cablegram from Reims, France, dated October 9, 1945, which reads as follows:

Eligible for discharge since VE-day. Still here with 93 points. Others in same situation.

As I see it, Congress at the present time should call the matter to the attention of the military authorities—and that is the purpose of my remarks today—and inform them and the people back home of the way the men still serving in the armed forces and their families feel on the subject. For I believe it is important that the entire picture should be presented.

A second telegram is from Mrs. Edward J. Vallier, of Highland Park, Mich., dated September 24, 1945, in which she says:

Please do something for my husband, First Sgt. Edward J. Vallier, No. 16140780 with the Five Hundred and Fifty-ninth American Ordnance Co., CTK APO 758, New York. He has 75 points, over 30 years of age, has been in the Army almost 3 years, was with the First Army since DT4 through all the campaigns to VE-day. He has had but one 3-day pass, no furloughs. He was alerted for CBI theater when VJ-day came and is now in Marseilles. Have just received a letter from him dated the 18th of September stating he is to be sent to Germany. I feel he is cracking mentally. Please help him to get home now.

I shall now read a portion of a letter, dated September 6, 1945, written by a boy on Okinawa to his father and mother, which graphically describes the reaction of the boys themselves to the operation of the Army's discharge system:

It makes me boil. In this outfit we are processing men and sending them home. I can't figure it out. The War Department talks about fairness in sending the men home, and they don't even know the meaning of the word. There are men here who have only 85 points, and they're going home. I have 106, and I'm still sweating it out. The way things are going now, God only knows when I'll be home. I've tried everything I know to get out of here, but can't do a thing about it. The officers here won't do anything for us, just say, "Don't worry, you'll get home." I've been everywhere but can't get anything done. I don't know, maybe I'm nuts, but I think I did my share and maybe a little bit more in this Army, but I'm sure getting a raw deal now. Gosh, I'll have to quit this letter for now. I'm so mad I can't see straight.

Mr. President, I think it important that the men who have charge of the discharge system should understand the mental attitude of the boys who are serving overseas, and who should be sent home.

I cite another instance as revealed in a letter dated September 22, 1945, from the wife of a major who is serving overseas. She writes me as follows:

He entered the service in September of 1942, and has been overseas since January 9, 1943. His service overseas has been completely administrative, and moreover, his specialization in obstetrics and gynecology cannot be used in the Army. Consequently, since the doctors are to be used only for the care of the sick and wounded, I should like to ask for consideration. He has received his fellowship with the American College of Surgeons, but will undoubtedly need some review or experience before returning to practice, since he has not been assigned to medicine or surgery in the Army. On VE-day, he had a total of 93 points, and in December he will be 40 years old.

Another letter dated September 1945, from the wife of an overseas soldier, reads as follows:

I am writing to you for my husband and all the boys who are in the 634 A. A. A. AW. overseas. All these boys are feeling as if they have been let down. They all have over 110 points, have been overseas from 2½ to 3¾ years. They all have five to eight battle stars, several have unit citation and several have purple hearts.

They want to know why they are not home. Their sailing orders have been canceled four times. They asked me to write to you. I also feel the way they do. My husband has been overseas 3 years and 7 months. He has over 117 points and 5 battle stars.

Last evening I received a letter from Lake Orion, Mich., enclosing a copy of a letter addressed by a man on Okinawa to his wife. I desire to put the letter in the RECORD because it relates to something which later I desire to discuss about the commanding officers in the Army as related to a general in the Army. He says:

We are certainly lost on this island. I thought the confusion and wasted effort during the war was colossal but the way things are confused now is beyond all belief. Twice in the last month, a convoy of ships has come here to pick us up and take us to Korea. Both times the orders were canceled and the boats left empty. Last week end a third convoy arrived to take us to Japan. Some of the units were already loaded when the orders were canceled for the third time.

That brings home the question as to whether or not we are using all available ships and the facilities to bring home the servicemen who have been told that they have the qualifications entitling them to be released from the Army.

Mr. President, that was why I asked the able Senator from New York as to the number of ships available and the number of men to be brought home. The figures which I received were, apparently, only those which the commanding officers wanted to be used in connection with bringing the soldiers home.

I desire to say, Mr. President, at this time that the evidence before our committee indicates that there is strong pressure upon the part of our allies to have returned to them the ships belong-

ing to them which are now being used to bring back our soldiers. In the last few weeks there have been taken from us a number of British ships which we had been using for that purpose. I hope that henceforth the officials of our Government in charge will see to it that ships are not released unless they are needed for purposes more urgent than the return to their homes of men in our armed forces who are now serving abroad. I want to read from another letter I have received expressing how one young man feels on this subject:

No wonder they have no ships to take the boys home. They keep them all sailing around from port to port empty. It is hard for me to understand how things could be managed in this manner unless there is some viciousness or at best great incompetence behind it.

That shows the attitude of the boys at the front. I am sorry that he has used that language, but it is what he and the other boys at the front are thinking.

This is important, and I shall quote again from the letter:

The Regular Army just does not want to demobilize.

Mr. President, he gets that from something he sees at the front, and it is important to us here in the Senate that we see what he sees at the front. I quote again from the letter:

Those generals just don't want to go back to captains, majors, or lieutenant colonels. They will stave off that day as long as possible by any means they can use. Also each general fights to keep his division together and if possible take them back to the States as a unit. A general who comes back without his unit is just another returning serviceman. So you see how the point system is twisted and perverted. General Bradley has officers in his unit with 120 points who need only 70 points for discharge but he won't let them go. At the very least there are ten times as many doctors in the Army as they have any use for. During the war they had twice as many doctors as they needed but they gave the excuse that they had to have a large reserve in case of a major disaster. I don't know what excuse they give for holding them now.

The morale is bad. These men who fought well through two or three campaigns are now breaking down from this horrible monotony, inactivity.

Mr. O'MAHONEY. Mr. President—The PRESIDING OFFICER (Mr. TUNNELL in the chair). Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. FERGUSON. I yield.

Mr. O'MAHONEY. I appreciate the Senator yielding. Like every other Member of the Senate, I have received similar letters from members of the armed forces, and I can understand that in many areas where the soldiers are now stationed there may be incidents which create the impressions conveyed to the Senator in the letter from which he is quoting.

As a member of the Committee on Military Affairs, I have had occasion to participate in the hearings which that committee has held, and it is my definite opinion that there is no real basis for the suspicion that Army officers are trying to keep the men in the Army for the purpose of retaining rank.

The truth of the matter is that last Saturday, as I remember the figures which were presented to the Committee on Military Affairs, 47,000 soldiers were discharged. It is my recollection that discharges are now proceeding at a rate well in excess of 40,000 every day. There are many inequities, there are many mistakes, no doubt, but when one considers the fact that this country was geared to the prosecution of a war across the Pacific Ocean even after VE-day, and that every effort was being made to transport millions of men across the country and across the seas, with shipping, great though it was, actually inadequate for the job, there is something to be said for the Army, and for the magnitude of the task which arises from the effort to reverse that momentum.

I have often thought of an automobile driving along the highway at 75 miles an hour. I have driven at that speed sometimes, and I know perfectly well that it is not possible to throw a car into reverse immediately. I believe that with all the mistakes and all the discrepancies the War Department and the members of the General Staff are to be commended for the success they have achieved in the discharging of men from the armed forces.

Unless the officers who appeared before the Committee on Military Affairs are misrepresenting their own attitude and their own purposes, all those who are in the Army now can rest assured that the high command, so to speak, here in Washington, is doing everything it can to get the men out of the service.

Mr. KNOWLAND. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. KNOWLAND. Along the general line of returning to their homes the men in the armed services, about the 12th of October, I had a communication from some marines who were at the Cherry Point station. I addressed a communication to the Secretary of the Navy asking how many marines were at that station who had more than sufficient points to be discharged. On October 24 I received the following communication from the Assistant Secretary of the Navy:

THE UNDER SECRETARY OF THE NAVY,
Washington, October 24, 1945.

HON. WILLIAM F. KNOWLAND,
United States Senate,
Washington, D. C.

MY DEAR SENATOR KNOWLAND: I acknowledge receipt of your letter of October 13, addressed to the Secretary of the Navy, regarding the number of enlisted men and officers who are now at the Marine Corps air station, Cherry Point, N. C., with sufficient points to be discharged.

The Commandant of the Marine Corps has informed me that as of October 12 there were 3,539 male enlisted, 232 female enlisted and 517 officers at Cherry Point eligible for discharge under the demobilization plan.

On October 16 headquarters Marine Corps instructed Cherry Point to transfer 2,000 enlisted men eligible for discharge to Camp Lejeune at a rate of 300 per day. This is to relieve the load at Cherry Point and expedite discharges.

I trust the above information will be of assistance to you.

With best wishes,
Sincerely,

ARTEMUS L. GATES.

The point is that many of these servicemen had been at the Cherry Point station for a great many weeks, some of them well over a month, all of them, as pointed out in the letter, having more than sufficient points to be discharged.

On the 6th of October I addressed a letter to the Secretary of the Navy asking for certain specific information in this regard. I shall not take the time to read the letter I received in reply, but I ask that it be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OCTOBER 24, 1945.

HON. WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR: The following information requested in your letter of October 6 is the data which is readily available at this time:

(a) I feel that the enclosed statement by Rear Admiral Flanigan before the Senate Military Affairs Committee on October 18 gives you the best available answer to requests in items 1, 3, 4, and 5 of your letter, all of which concern returns of personnel and transportation facilities from overseas.

(b) Item 2 of your letter indicates an impression that demobilization was under way for Navy and Marine Corps personnel following VE-day. Actually the Navy and Marine Corps were both building strength during the period from VE-day to VJ-day and returns from the European theater were redeployed in this country or for the Pacific. Separations to civil life during that period fell under such categories as medical, disciplinary, and hardship and maintained a rate of about 25,000 per month for the Navy and Marine Corps combined. Below is the record for the Navy and Marine Corps since demobilization started on August 17 and through October 12:

Navy enlisted.....	236,431
Navy officers.....	28,651
Marine Corps enlisted.....	36,452
Marine Corps officers.....	2,902

(c) Following are estimates of the numbers of Marine Corps and Navy personnel with points needed for separation as of October 1 in answer to your item 6. Outside the United States the Navy had about 243,000 and the Marine Corps 63,400 as compared with inside United States 189,000 Navy and 20,000 Marine Corps.

(d) In answer to part 1 of your item 7, Navy medical officers as of October 12 were distributed as follows: European theater 1,005, Pacific theater 5,695, and inside the United States 6,880. In answer to part 2 of item 7, medical officer separations for the period August 17 through October 12 were 638.

Sincerely yours,

ARTEMUS L. GATES.

STATEMENT BY REAR ADMIRAL FLANIGAN, ASSISTANT CHIEF OF NAVAL OPERATIONS FOR TRANSPORTATION, DELIVERED BEFORE THE SENATE MILITARY AFFAIRS COMMITTEE ON OCTOBER 18, 1945

As of 1 October the joint Army and Navy transportation program to 30 June, 1946 calls for the return of the following number of personnel from the three major theaters:

From the Pacific, 1,750,000 Navy, Coast Guard, and Marine; 1,500,000 Army.
From India, 244,000 Army; 3,000 Navy.
From Europe, 1,839,000 Army and 16,000 Navy.

For a total of 5,352,000.

Of this total, approximately 520,000 naval personnel manning combatant ships will return in their own ships. The remaining, 4,832,000 must be returned as passengers.

At the present time our transport fleet in the Atlantic consists of 53 troopships, 65 converted Victories, 200 converted Libertys,

6 hospital transports, 1 large aircraft carrier and the *Queen Mary* having a total passenger capacity of 409,473. In the Indian service we now have 22 troopships with a passenger capacity of 75,469. In the Pacific we have 162 troopships, 1 large aircraft carrier, 35 escort carriers, 100 assault transports, 9 hospital transports and 5 miscellaneous ships with a total passenger capacity of 523,067.

In addition to these ships, all combatant ships returning to this country carry home passengers; for example, last month they brought 17,494 passengers from the Pacific and the two task forces which have just arrived from the Pacific on the east and west coast carried nearly 50,000 passengers. Army and Navy commanders in the forward Pacific area have orders to utilize every available space on returning cargo vessels and some cargo vessels are now being converted in the forward areas to carry as many as 500 passengers.

Since the first of September, 466 cargo vessels and tankers which was 85 percent of those returning to the west coast from the forward Pacific areas brought 9,788 passengers, or an average of 21 per ship. Now that the armed-guard crews have been removed from vessels leaving the United States, vacated guard quarters will be filled on every returning vessel.

By 15 November we will have 3 troopships less in the Atlantic but 3 large aircraft carriers, 3 cruiser aircraft carriers, 2 heavy cruisers, 4 light cruisers, and 22 converted Victories will be added, a net gain of 61,569 in passenger capacity. By the same time we will have increased the Indian service by the 3 troopships taken from the Atlantic, with a gain of 4,513.

Likewise, in the Pacific, we will add an early date 6-large aircraft carriers, 4 cruiser aircraft carriers, 6 escort carriers, 6 battleships, 20 light cruisers, 103 APA, 2 hospital transports and 17 miscellaneous ships for a gain of 195,700.

This will give us a transport fleet with a passenger capacity of 471,042 in the Atlantic, 79,892 in the Indian service and 718,767 in the Pacific, or 1,269,791. Fifty-five percent of the fleet calculated by passenger capacity is manned by United States Navy crews, 38 percent by the War Shipping Administration, 4 percent by the Army and 3 percent by foreign nations. The excess passenger capacity in the Pacific over that in the Atlantic is not real. Greater distances and other factors make our monthly lift approximately equal in each ocean.

Between R-day, May 12 and October 12, we returned by ship from Europe to the United States 1,509,405 passengers, while an additional 173,339 came home by air. From September 1 to October 12 we returned by ship from India 9,328 and from the Pacific 245,930.

We will lift from Europe by the end of January all remaining military personnel except 400,000 Army troops now scheduled for occupation, an additional 300,000 men temporarily scheduled for supply and clean-up duty, and 12,000 Navy occupational personnel. We will have lifted all personnel out of India by early in April, while in the Pacific we can lift all personnel, except the Army and Navy personnel required for occupational duty by early in June.

It must be understood, however, that we are, and will continue to be, in a tight position throughout the remainder of this year, despite the fact that we will be bringing home an average of 867,000 men every month. There will be initially more men in all three theaters who are eligible to return home than we can immediately lift. The situation is particularly acute in the Pacific where for the last 3 months of this year there will be considerably more men available to come home than we can carry. Therefore, there will be delays there. But beginning in January we will begin to clear up the backlog of personnel and will eliminate it by April.

In June 1946, 13 months after VE-day, 10 months after VJ-day, we will complete the job of transporting home all except the occupational forces. It took over 3 years to transport them overseas. After the last war we brought home 2,000,000 in a little more than a year. This time we will bring home to the United States within the same period more than three and one-half times as many—the truly colossal number of over 7,000,000.

Mr. FERGUSON. Mr. President, I am glad to have these remarks, and to have the debate regarding this important situation.

The Senator from Wyoming indicated that it is difficult to stop if one is driving an automobile at 75 miles an hour. I merely wish to say, in reply to that, that there are times when we have to anticipate that we are going to stop, and our speed is regulated with that in view.

I wish to bring out the point that we laid out a plan for demobilization of our industry, but the difficulty is that we did not in advance lay out a plan for demobilizing the personnel we had in the Army. Our hearings have demonstrated clearly that that is true, and that is what is indicated in these letters.

Mr. President, I admit, and I say frankly, that the Secretary of the Navy and the Secretary of War are cooperating personally in an attempt to accomplish the task of getting the servicemen home, but the well wishing of the officers here in Washington does not get the job done. We have been to these camps, we have talked to the boys who are coming in, and we know what is going on behind the lines. There is talk about providing personnel for these camps. There are hundreds, literally thousands, of personnel, Waves and Wacs, who do not have the number of points necessary for discharge, who could go to the camps and do the necessary paper work so that the men who have the points could be released.

Mr. President, after we got to the camps, began inspecting them and ascertained the load of work, we found that a system of furloughing had been inaugurated, as indicated by the Senator from California. Now when we go into the camps we find that all the men brought in are being discharged, but the officers are careful to see to it that the camps are not even utilized up to their capacity.

At Lido Beach 2 weeks ago Saturday we held a hearing, and found a camp with the capacity of discharging 2,000 sailors a day which was receiving only a thousand sailors a day. There were men in line who said they had been held for days and even weeks on the West Coast because they did not want to be sent to a camp until they were cleared. So these boys have some defense, and they have some right to bring these facts to the attention of the public. The boy from Lake Orion, whose letters I read, has 95 points.

Mr. President, I wish to say a few words respecting the point system. On Friday, July 27, 1945, testifying before our committee, Col. William J. Brennan, Chief of the Labor Branch, Army Service Forces, stated:

What I am trying to say is that we have the integrity of the point system to maintain in the sense that the boys who still have the fighting to do will continue their respect for and their confidence in it.

Mr. President, if there is anything needed in our democracy it is to maintain the integrity of that system. The able Senator from New York [Mr. MEAD] showed that in certain cases the point system is not even being used.

The letters which I have just read rather clearly depict the degree of respect and confidence which the boys who have done the fighting have in the discharge system of the Army.

The confusion and dissatisfaction that now exist with the personnel discharge systems of the Army and Navy can be likened to the situation that would exist if someone suddenly called "Fire" in a crowded theater, announcing that all women 50 years of age with three or more children be permitted to leave the theater first, without knowing, first, how many women there were who would fall into such a category and where they were located in the theater, and without knowing how many of them could get through the exit in what time.

The services should have studied the problems they would face in mass personnel demobilization, forecasting the capacity of the various segments of the pipe line necessary to transport personnel to this country and process them for discharge and should have based their personnel demobilization plans upon the physical limitations so found.

What they did, however, was to select a plan on theoretical basis, giving recognition to factors which sounded fair and equitable, but were simply impossible of attainment. The resulting failure of performance to fulfill promises is probably the greatest source of irritation and complaint. Wide publicity was given to the point system and its fairness and wide publicity has been given to the total numbers of discharged personnel—almost daily, Mr. President, we see published in the newspapers the total number of discharges, but little or no publicity has been given to the physical limitations of ocean transportation, which now appears to be shrinking even beyond the forecast which was previously made, nor has publicity been given to the slowness of the procedure in the actual separation process where the capacity was simply not great enough to handle all those entitled to discharge. Nor has publicity been given to the fact that personnel in the Pacific cannot be discharged as rapidly as those in Europe, regardless of points, partly because of transportation, but also because they are still said to be needed for military operations.

The War Department's answer to this criticism has been simply to lower the points necessary for discharge, which, instead of solving the problem, has simply added to the confusion by making even more persons eligible for discharge who cannot possibly be processed under the limitations existing. This publicity on the surface appears to give hope of an improved discharge system, but actually has exactly the opposite result, since even more persons will now be disappointed.

The Senator from Wyoming [Mr. O'MAHONEY] stated that there is no foundation whatever for the contention that Army officers want to keep the boys in the service. I shall now read the

testimony of a brigadier general given at one of our hearings, so that information may be afforded as to what he says about this particular point.

In response to a question as to why the Army reduced the points making personnel eligible for discharge, when all those eligible at the higher level of points were not yet discharged, Brig. Gen. Robert W. Berry, Deputy to Assistant Chief of Staff G-1, the personnel branch, stated:

General BERRY. The principal reason is this: You have got to make these men eligible for discharge in order to pry them away from the commanders.

Mr. President, according to the general, servicemen have to be made eligible for discharge in order to pry them away from the commanders.

I continue to read from the hearings:

Senator FERGUSON. All right. That is a different thing. That is exactly what the boys say.

General BERRY. If you don't do that, then you don't get them out.

Senator FERGUSON. Haven't you got control of the commanders?

General BERRY. You have got to keep enough pressure behind these centers. What is building up this discharge rate so rapidly is the fact that the people are there, waiting to go, and if you brought 400,000 people—

Senator FERGUSON. General, it isn't right to a boy, and it isn't right to his parents and his friends, to tell him that he is entitled to get out because he has 60 points on the 1st of November, when you know that he is not going to get out.

General BERRY. On the 1st of November; no.

Senator FERGUSON. You know it.

General BERRY. I know it.

The Army's admission, as quoted in the testimony of General Berry, of the promise of release to more persons than could be handled through the discharge system for the purpose of creating pressure on the commanding officers to release their personnel, seems to be a tacit admission that the discharge system has not been well thought out and well organized, as well as an admission that there is a tendency on the part of high-ranking officers to keep men in the service after there has ceased to be a need for them.

Mr. President, I have cited only four or five letters. I have hundreds of similar letters. I believe that every other Senator has in his files hundreds of letters to the same effect.

An inescapable contributing factor to the confusion, in addition to the lack of careful planning and efficient organization, is the lack of candor of the services in failing to announce the physical limitation upon their ability to discharge personnel.

This could and should be corrected at once by making public unavoidable limitations, such as transportation and military operations such as those in the Pacific, which will make impossible the carrying out of the obligations implied in the point score system.

The most good could be done by the services, by more accurately forecasting the capacity to handle discharges and in making eligible and available for discharge, in an orderly way, those whom it will be possible to discharge, refraining from promising immediate discharge to

those whom it will be impossible to discharge.

At this point, I desire to refer to the letter from the 176 men at Okinawa which was read by the Senator from New York, in which the statement is made that the point system is now being disregarded by the Army altogether and men are being returned according to units.

In the speedy and efficient handling of the mass discharge of great numbers of persons, the advantage of handling them by units rather than by individuals is obvious to everyone. Statements such as that referred to in the above-mentioned letter from Okinawa raise the question in my mind whether or not the Army has in fact abandoned, for the most part, its system based upon the point scores of individuals and has resorted to the handling of discharges by units.

So far as the boys at the front are concerned, those who have 90, 100, or 105 points, they still believe the system to be in effect, and they wonder why it is not working.

If this is so, candor requires that the War Department announce this policy publicly so that the men who are serving abroad and who are chafing at being held overseas will no longer be misled into believing that they can be discharged when, as a matter of fact, they cannot.

According to figures furnished the committee by the Navy, there are 204,000 Navy enlisted personnel in the United States awaiting separation. Although the Navy contended to the committee that there is no backlog of unprocessed personnel in the separation centers, it should be noted that the rate of separation for the Navy on October 1, 1945, was 10,329, which would have represented approximately 20 days' work if all of those eligible in the United States were to be separated, without counting the processing of those arriving from combat theaters.

As I pointed out before, at Lido Beach the capacity is 2,000 persons a day, and it is being used only to the extent of 1,000. Those who are there to perform the work have nothing to do, because they are not processing the men through. The Navy was unable to give an adequate explanation as to the reason for the failure to process eligible persons, but denied that they were being held intentionally at other points in the United States to avoid the clogging of separation centers. But, Mr. President, the facts speak for themselves. It is only overseas transportation which is the bottleneck. No claim has been made that transportation within this country from a point where eligibles may be located to the separation centers is any obstacle whatever.

Originally, the Army permitted a commanding officer to retain necessary men. This provision has now been eliminated—September 2, 1945. However, certain classes of officers and enlisted men possessing skills which are in great demand, such as officers doing contract termination and contract renegotiation work and military government officers, may be retained in the Army for a period of 6 months beyond the date they are eligible for discharge under the point system.

In the Navy a commanding officer is permitted to retain for a period of 3

months the men whom he deems necessary. He is required, however, to report monthly to the Bureau of Personnel in the Navy all persons retained under such authority, together with a statement as to whether or not the commanding officer is training relief for such person and whether or not relief is available.

I see as one of the most serious features of the discharge system the failure of the Army and Navy to be completely frank in their public relations. I previously mentioned matters on which publicity was given by the services and matters on which no publicity has been given. In addition to those already mentioned, I wish to point out that a great deal of publicity was given to the fact that 50,000 returning service men and women were to be transported across the Atlantic by the Air Transport Command each month, but little or no public notice has been given to the reduction of this number to 35,000 in August and the further reduction to 10,000 in September, and the fact that still fewer can be returned in the coming months.

I am alarmed at the unfavorable reaction of the soldiers and sailors themselves and their families, as well as the public generally, to the discharge system of the services. I recognize that mass discharge is a difficult and unprecedented administrative undertaking, but to my mind, the evidence clearly discloses that it has not been as efficiently handled as it could have been. The evidence further discloses that the full, accurate facts have not been given to the personnel in the Army and Navy and to the general public. I feel that in our democracy the adverse public opinion which has been created in connection with personnel demobilization will be likely to produce a wave of dissatisfaction with military programs generally, which may, unfortunately, result in weakening necessary and proper future military programs, thus impairing our national security. I certainly hope that no such result will follow.

I also hope that in the future the services will leave no stone unturned to improve their personnel demobilization systems and to give the boys in the service and the public the full facts. The men and women who have risked their lives and have given up the comforts and friendships of home in the defense of our country, and their families and friends at home who have patriotically contributed to our magnificent record in war production, are entitled to no less.

Mr. WALSH subsequently said: Mr. President, I ask to have inserted in the RECORD following the speech delivered by the junior Senator from Michigan [Mr. FERGUSON], several letters which I received dealing with the question of demobilization.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

HON. DAVID I. WALSH,
Washington, D. C.

DEAR SIR: Your statement appearing in today's issue of Pacific Stars and Stripes to the effect that slow demobilization by the Navy has lowered morale to the point where it seriously affects voluntary enlistments is a very accurate picture of conditions as they exist here.

The crew of our ship numbers approximately 800 men of whom 37 were eligible for discharge with 44 points as of September 15. Besides these we have a number who are eligible for reasons of dependency, and an increasing number becoming eligible each day under the point system. Our officers have given us to understand that only 20 men will be allowed to go each month, and it is elemental arithmetic that the quota for November and December is already filled with men who were eligible in September. Where then does this leave us who are becoming eligible from day to day? They give as their reason, the fact that we are doing essential repair work on other ships, when, as a matter of fact, less than 20 percent of the crew is working at all, and those few on jobs that could as well wait to be done in the States.

We have no one to speak for us or fight for our rights except our representatives in the House and Senate, and we are hoping and praying that you will rectify these matters, so that we may return to our homes.

WASHINGTON, D. C., October 10, 1945.

The Honorable Senator DAVID I. WALSH,
Chairman, Senate Naval Affairs Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR WALSH: Navy men are depending upon congressional assistance to correct the Navy demobilization plan so that it will be equally fair and just to all.

The following comparison will show the fallacy of the adopted discharge system: A draftee who is 26 years old, is married today, and goes into the Navy tomorrow, he has 23 discharge points at the beginning of his first day of service. A single man of the same age, who has been in the Navy for 1 year, only has 19 points. Is this justice?

The present plan has been proven to be discriminating against both single men and those of us who were married after August 15, 1945, in favor of men married on or before that date. With a handicap of 20 months' service placed against me, this means that although I entered the Navy a year or more earlier than my friends, I will be one of the last men out. Perhaps I was too conservative in delaying my marriage until after the fighting ceased. Having served 3 years in the Navy, I feel that I am equally as deserving of the 10 discharge points as the man who was married on August 15.

If the present plan were revised in only two respects, it would then become unbiased and fair to all. First, service should be one-half point per month for the first 24 months of service, and one point per month for each additional month of service. This assists single men who have served extended periods. Secondly, the 10 points given for marriage should not be considered, but points should be given for parenthood instead. If points are considered for marriage, they should be granted to all, regardless of the date of marriage. Admiral King's original demobilization plan did not grant points for marriage but did grant points for parenthood.

Unless something is done, I wonder whether I will get out in time to start my business functioning again before competitors tie up all my customers. If delayed too long, I may be hunting a job instead of giving employment to others.

Don't you think that 3 years of service in the Navy is enough to warrant a discharge? The Navy has other ideas. I am only one of the many who sit at desks in the Washington Navy offices without anything to do. None of us can get out of service, because we haven't enough points. Although my business is suffering because of my absence, it is not in bankruptcy; therefore, I cannot obtain a release based upon business hardship.

Please give the above your fullest consideration and use your abilities to see that a just and fair Navy demobilization point system is

put into effect in the very near future. Thank you for your most appreciated assistance.

Respectfully submitted.

P. S.—Please withhold my name.

U. S. S. "PHAO" (ARB-3),
Care of Fleet Post Office,
San Francisco, Calif.,
October 1, 1945.

HON. DAVID I. WALSH,
Chairman, Naval Affairs Committee,
United States Senate,
Washington, D. C.

DEAR SENATOR WALSH: We, the undersigned, are fully aware of the many hours which you must spend on legislation and other duties connected with your high office, particularly during these critical times, but we would more than appreciate your taking the time to read this letter which will give you some idea as to what we, the enlisted men in the naval service, think about the demobilization plans, etc., of the Navy.

First of all, sir, may we say that we more than appreciate your many efforts devoted to a fair demobilization plan for the Navy. We have read a copy of your recent letter to Secretary of the Navy Forrestal relative to this subject now uppermost in our minds, and feel that it was equitable in all respects, and showed a careful amount of consideration.

However, sir, we who are writing this letter, who have spent the past 25 months out here in the Pacific (since September 3, 1943, without any side trips to Hawaii, Australia, New Zealand, or other civilized spots) are literally "burned up" when we read of the Navy sending some 300 fighting ships to the east coast so that a big show may be put on for the civilian populace on Navy Day, October 27.

Celebrations, pomp and circumstance are fine, sir, we're all for it and feel that the good citizens on the home front who during the war years worked so hard to supply us with the needs on the fighting fronts, justly deserve to view the ships of the greatest Navy the world has ever known. We're 100 percent for it, as we say, but not at this time. We feel that rather than putting on a vast and lavish show for the folks back home, that every ship should be returned to the Pacific just as soon as possible to pick up the many thousands of Army, Marine and Navy personnel now awaiting return to the States and ultimate discharge from their respective service, and get them home just as soon as possible. At the moment here at Saipan there are many many thousands now awaiting available transportation home, and who have been waiting some 5 and 6 weeks. Yet, the Navy keeps some 300 or more ships on the east coast, for show, purposes only.

We are proud of having played a small part in winning a glorious victory, and will always be proud and cherish the thought that we have been part of such a great Navy. We have respect for the Navy and for its accomplishments, however, just as we are able to quickly point out the good aspects, we are also quite able to know of its shortcomings, too. We honestly believe, Mr. WALSH, that the Navy, to date, has not done its utmost, nor its best, to demobilize the men as quickly as possible, and we feel that only by Members of the United States House and Senate demanding speed, will demobilization be speeded up.

When it was necessary for the Navy to get us out into these areas of the Pacific, no time was lost getting us out. It now seems strange that it should take so long to get us home, now that the war has been won. It is our earnest hope that you, and other Members of Congress and the Senate will do everything possible to speed up demobilization of naval personnel. If we can't be demobilized quickly—then at least send us home to civilization just as soon as possible. I'm sure that waiting for release from the

Navy will be a little easier back in the States, rather than on some isolated island here in the Pacific.

We realize that it is considered unethical to write to one's representative in the Senate and House, but at times it is difficult to keep quiet, when we see so many injustices all about us. Then too, having been brought up in a great democracy, we relish the right to free speech. We will appreciate this letter being considered confidential, sir, and will appreciate any effort on your part to keep it so.

We beg to remain, sincerely yours.

MONTGOMERY, OHIO, September 15, 1945.

HON. DAVID I. WALSH,
Chairman, Senate Naval Affairs Committee,
United States Congress, Washington, D. C.

SIR: I should like to add my recommendation for rotation of Navy personnel and the consideration of combat duty in the release of men who have been under fire prior to the release of those who have not had actual sea duty. The following is quoted from a naval officer's letter:

"The boys are in a real turmoil over the latest news from Washington. The Chief of Naval Personnel stated: 'The reason the Navy hadn't considered the combat or overseas duty of a man was because they didn't have records.' You can imagine what a hit that made. We all realize that the Navy has many problems as yet and don't feel that we should drop things tonight and head for home.

"However, most of the Navy's trouble springs from its poor handling of personnel. Not only do they give such treatment that everyone is glad to quit, but they pay no attention to rotation of personnel and now all the people who can run ships are at sea and the ones on the beach, of course, are the ones who can be spared, since they would be useless at sea, and no trouble was ever taken to rotate them and qualify the extra men. It is a grand and glorious mess.

"I hope that the folks at home feel as strongly about this situation as we in the fleet and go after the Congressmen and Senators until some legislative action is taken to provide first for the worn-out kids who fought this Pacific war and then the ones who sat it out in the States. I truly believe that those such as I, will be home in a few months' time, but for the many, many boys that are both young and single who have put two to four grueling years in out here, there should be some consideration.

"The Navy must realize that it is promoting one of the greatest anti-Navy blocs this country has ever seen. I know personally many men who will in later years, merely from their present dealings with the Navy, turn thumbs down on anything pertaining to the Navy, without consideration. That is an unhealthy and dangerous attitude to be breeding and I am sorry that it is happening.

"Unless something is done soon these crews will lapse into an apathetic state that will border on mutiny. It is a sorry spectacle when such tactics are employed under the nose of the public, and nothing is done to alleviate the situation."

It is strange that the Navy cannot keep records as the Army does, when its personnel is contained in compact units and not deployed over wide areas as is the Army's. Please have your committee consider the statements made in this letter, and act according to its conscience.

Sincerely,

OCTOBER 10, 1945.

DEAR SENATOR WALSH: I am writing this letter in reference to a Honolulu newspaper column. I want to thank you, Representative J. HARRY MCGREGOR, Senator K. S. WHERRY and Senator GUY CORDON for expressing the Navy's

demobilization program the way you did. I believe your column was the first in 17 months overseas that really helped build my morale and I'm sure it did for practically every serviceman that is a reserve with a few years in the service out on this rock. If I may take the liberty of telling you just a few gripes from the servicemen overseas:

1. The war is over, yet they say there aren't any ships available to take us back. What happened to all of them? Maybe if these Navy parades were staged after we were returned, the servicemen would appreciate them and have the desire to cheer along with being proud of the Navy that they served under.

2. People don't realize what living is like out in these God-forsaken islands. Sure the climate is wonderful, but that's all we have. Men are like shells just living and occasionally have a few beers which most of the time are the worst brands. We realized when the war was on that it was necessary, but now we are absolutely bored as we know it's just a waste of time and taxpayers' money which some day we will have to pay. After all, we are all going to be civilians in the near future (perhaps). If they can't see our point tell them to try living in their backyard for about a couple of years. I believe there isn't much difference from our present standard of living out here. All we want is to live and lead the life we served for. That isn't asking for too much is it?

3. We realize that many letters of this type have been mailed to you and many others. Why is it that only a few men like you have had the nerve to get it printed. Senator, when election comes again you can bet we know whom to vote for. Not these fellows who don't care about us, but for men who want to help our Nation get back on its feet, after being torn by war. Sure, they're on top now, but they should remember who we servicemen are. We are the men who will have to reconstruct this Nation and make it one of the best. I hope you continue plugging for us, and you can be sure you will be rewarded by God in the future.

4. This letter is being written because we are helpless. Yes, we can beef and beef, but it all adds up to where we started from. If we become too cocky they immediately place us where we can no longer be of any harm. If you read this letter we don't want you to believe it all as a gripe. We are thanking you in our best method we can and that's by writing you a letter of congratulations for taking part of our hardships and desires. Keep up the good work.

Sincerely,

CURRENT SHIPPING SHORTAGE

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Where Are the Ships?" published in the Stars and Stripes of October 9, 1945.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHERE ARE THE SHIPS?

Can the current, critical shipping "shortage" be blamed on the transfer to the British of the *Queen Elizabeth* and the *Aquitania*, on dock strikes in the United States, and on storms in the Atlantic?

Or is redeployment delayed because the War Department has failed to utilize all of America's mammoth merchant marine in the priority I job of getting soldiers home; because it has miscalculated shipping needs; because it has failed to act aggressively in meeting those needs; because it has failed to order freighters converted to troopships; because it has not pressed into service idle ships; because it has not enlisted the aid of the world's greatest navy in redeployment;

because in general it has been neglectful of its most important job since VJ-day.

Are the ship transfers reasons for the month delay—at least—now promised us in redeployment from the ETO? Or are they just excuses?

The best case we have seen stated thus far, tending to prove the latter, was in a letter submitted to the European edition of the New York Herald Tribune by T3c William C. Craig, Jr., and T4c T. S. Hyland. It said:

"All right—whose fault is the latest redeployment crisis?"

"1. At the war's end the United States had 5,000 merchant ships." (Source: Time magazine, October 15.) "Using only 3,000 of these converted to carry troops, these 3,000 could have taken every soldier in the ETO home in one trip. Naturally, this would be too much to expect, but it shows the possibilities.

"2. When the United States canceled lend-lease on August 21, the British stated that they would have to withdraw their Queens, as they were badly needed to repatriate their own and Canadian troops.

"3. On October 13 the British withdraw only one Queen and the *Aquitania*. The United States was allowed to keep one Queen for the rest of the year. And the German *Europa* is now ready to replace the *Aquitania*.

"4. If the United States had used only 600 of its own ships, roughly 10 percent of the available total, making only one trip per month, they could have returned every GI in Europe since VE-day. This would leave more than enough ships for (a) the Pacific redeployment and (b) vital commerce and relief.

"5. Operable United States ships are today rusting idly in United States harbors (source of fact: Time Magazine, October 15, page 27. A photograph shows five good new ships laid up in a single small port, Mobile.) There is no shortage of shipping. There is a surplus.

"6. More than enough time has passed since either (a) VE-day or (b) cancellation of lend-lease to convert countless freighters into transports. Nobody can plead (a) lack of time or (b) lack of materials or manpower as excuses. Shipyards have undergone terrific cut-backs.

"7. Army spokesmen now blame the latest redeployment crisis on (a) loss of the British ships, (b) storms in the Atlantic and the English Channel, (c) strikes in the United States. These explanations seem flimsy afterthoughts providentially provided to cover up negligence and poor planning.

"It is outrageous to suggest that redeployment has been slowed up by turning over ships to the British in exchange for use of the *Queen Mary*. We have plenty of ships to turn over without taking any out of service.

"High Army and War Department officials have just talked their way out of one crisis over congressional, civilian, and GI indignation concerning redeployment and discharges. And now another crisis—with no excuse whatever. It is a tragedy to the whole Nation that top Army planners are not wise enough to realize that the peacetime future of the Army depends on its performance during the post-VJ interval.

"When our armies were triumphant on both sides of the globe, any of us thought that perhaps, after all, the professional 'big brass hats' (General Eisenhower's phrase) were shrewd and competent men. But since VE and VJ, millions of GI's and more millions of civilians have returned to their former deep mistrust of the 'military mind.' They had won our trust—then threw it away in an outbreak of poor planning, 'chicken,' bad faith, confusion, and ineptness. The result of civilian mistrust of military authorities may well be a smaller peacetime Army, reduced Army budgets, no postwar training, etc.—thus affecting, perhaps tragically, the future history of the American Nation."

Eloquent as are Sergeants Craig and Hyland, however, it would not be fair to the War Department to accept their argument as fact without hearing what the official Army answer is to their seven points.

Thus far, there has been no explanation satisfactory to soldiers in this theater of the shipping shortage. But maybe there is such an explanation.

It is impossible for us in the ETO directly to ask General Marshall or the War Department's Redeployment Branch or G-3 or the War Shipping Administration what the explanation is.

All that we can do is ask that someone put the questions to the War Department for us and that, in any case, newspapermen in Washington seek to find the full answers to them.

We ask, too, that in any investigation the answers be examined thoroughly and checked carefully, that the profusion and confusion of figures under which the War Department has thus far showed the soldiers and the public be avoided, and that special effort be devoted to an attempt to find, even at this late date, some means to correct any mistakes that may have been made, and to get the eligible soldiers home and out of the Army.

(Thirty-eight signatures, the Stars and Stripes editorial staff.)

FEDERAL AID FOR PUBLIC AIRPORTS

Mr. BAILEY. Mr. President, I move that the Senate proceed to the consideration of the amendments of the House of Representatives to Senate bill 2, to provide for Federal aid for the development, construction, improvement, and repair of public airports in the United States, and for other purposes, which is known as the airport bill.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from North Carolina.

The motion was agreed to.

The PRESIDENT pro tempore. The pending question is on agreeing to the motion made by the Senator from North Carolina [Mr. BAILEY] on October 22, 1945, that the Senator from Nevada [Mr. McCARRAN], the Senator from Louisiana [Mr. OVERTON], the Senator from Washington [Mr. MAGNUSON], the Senator from Maine [Mr. BREWSTER], and the Senator from Wisconsin [Mr. WILEY] be appointed conferees on the part of the Senate.

Mr. BAILEY. Mr. President, this matter was postponed by agreement on the 22d instant with the view of reaching an agreement as to the conferees to be appointed on the part of the Senate.

I modify my motion so as to nominate as conferees the Senator from Nevada [Mr. McCARRAN], the Senator from Louisiana [Mr. OVERTON], the Senator from Washington [Mr. MAGNUSON], the Senator from Maryland [Mr. RADCLIFFE], the Senator from Maine [Mr. BREWSTER], the Senator from Wisconsin [Mr. WILEY], and the Senator from Illinois [Mr. BROOKS].

The PRESIDENT pro tempore. Without objection, the motion as modified is agreed to, and the Chair appoints the Senators suggested by the Senator from North Carolina conferees on the part of the Senate.

Mr. JOHNSON of Colorado subsequently said: Mr. President, I ask unanimous consent that the bill (S. 2) to provide for Federal aid for the development, construction, improvement, and repair of

public airports in the United States, and for other purposes, be printed showing the House amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

CAPACITY OF THE GOVERNMENT TO MEET ITS OBLIGATIONS

Mr. MURRAY obtained the floor.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for a moment?

Mr. MURRAY. I yield.

Mr. O'MAHONEY. I hope it will be for only a moment.

Mr. President, during the discussion of the tax bill on Wednesday last I pointed out the anomaly of Congress reducing the tax revenue of the Government at a time when the interest upon the national debt is greater than it ever was at any time in history. I might have added that the interest which we must pay on the national debt this year exceeds the cost of Congress, the Federal courts, the Executive Offices of the President, and all the civil departments and agencies of the Government. So at a time when the Government of the country is confronted with exceedingly heavy obligations, Congress is undertaking to reduce the capacity of the Government to meet those obligations.

Last night in the Evening Star I read an illuminating dispatch from London. It is an Associated Press dispatch, dated London, October 25. It appears under the heading "Britain needs big loan to meet budget deficit." It reads as follows:

BRITAIN NEEDS BIG LOAN TO MEET BUDGET DEFICIT

LONDON, October 25.—Britain must borrow a sum almost equaling 10 percent of her already gigantic national debt if she is to meet the deficit the Labor Government predicts for the fiscal year beginning April 1, 1946.

With a national debt of 23,708,000,000 pounds (\$94,632,000,000), the United Kingdom must borrow another 2,200,000,000 pounds (\$9,200,000,000) to meet the deficit forecast by Chancellor of the Exchequer Hugh Dalton.

Let me interrupt the reading to point out that the Bureau of the Budget of the United States estimates that the deficit in conducting the affairs of the Government of the United States for the fiscal year ended June 30, 1946, will be \$30,000,000,000; yet we are reducing taxes.

Mr. Dalton estimated expenditures for the next fiscal year at 5,565,000,000 pounds (\$22,260,000,000) and revenues at 3,265,000,000 pounds (\$13,060,000,000).

A large part of the national debt is made up of obligations to be met on specific dates. A possibility that their cost to the Government may be reduced by refunding is seen, however, in Mr. Dalton's budget message to Parliament.

Britain financed a large part of her war costs by creating short-term bonds and floating debt.

Mr. Dalton presumably is considering refunding bonded indebtedness since he repeatedly has spoken of cheaper money in recent weeks.

One of the interesting points of his budget speech mentioned "the exploration in the field of future possibilities of cheaper money and lower interest rates."

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KNOWLAND. I should like to ask the distinguished senior Senator from Wyoming if it is not a fact that within the last few days the newspapers have carried a story to the effect that the British Government is also proposing tax reduction at this time.

Mr. O'MAHONEY. I did not see such a statement.

Mr. KNOWLAND. I believe that a statement to that effect appeared in the New York Times.

Mr. MURRAY. Mr. President, I have the floor, and I yielded a few moments ago to the Senator from Wyoming, with the understanding that he would take only a few minutes. I have been waiting here since 12 o'clock, diligently trying to get an opportunity to make a few brief remarks.

Mr. O'MAHONEY. Mr. President, if the Senator will bear with me for a few moments, I shall conclude.

Mr. MURRAY. Very well; a few moments will be all right.

Mr. O'MAHONEY. I thank the Senator very much.

Mr. President, if it be true that the British Government is also reducing taxes, that only emphasizes the trials and tribulations which confront the capitalistic system. It seems to me that in all common sense we cannot undertake to increase our debt and decrease our taxes at the same time. It is interesting to note that the quota which has been established by the Treasury Department for the sale of Victory bonds, which is now about to begin, is \$11,000,000,000. We are proposing to reduce the revenue of the Government by approximately \$5,300,000,000. In other words, at the same time we are to undertake to borrow \$11,000,000,000 more, we are cutting off tax revenues of half that sum.

The established deficit for the fiscal year ending in 1946 will be \$30,000,000,000. That will add to the national debt. The estimated national debt as of June 30, 1946, according to the Treasury Department, is \$273,000,000,000. We may be under the impression that we are fighting inflation by this. I think those who deal in corporate securities have a very different notion. I hold in my hand a circular which was issued by a certain corporation which deals in investment-trust certificates. Let me read one or two paragraphs from it, with the indulgence of the Senator from Montana.

Mr. MURRAY. Mr. President, I wish to say that the Senator has already consumed twice as much time as I would have consumed in making the few brief remarks I wish to make. I hope the Senator will be able to conclude in a minute or two, or else I shall have to object.

Mr. O'MAHONEY. I shall do so, Mr. President. The Senator is very kind.

According to the circular to which I have referred, the average price on September 1 last, of certain stocks which this company is selling or advising to be purchased, was 41, which is 10 times the reported earnings of 1944, but only four

times the earnings which could have been reported without the excess-profits tax.

Reading further from the circular, we find that—

Congress is expected to repeal the excess-profits tax by the end of the year.

The business outlook for 1946 is highly encouraging for two reasons: (1) There is a 4-year deferred demand for all types of consumer goods and industrial equipment; (2) the American public has a record volume of liquid funds to buy the things they want and need.

Mr. President, it seems to me that this reveals a very anomalous and, I think, a rather terrifying condition.

DISCONTINUANCE OF LAND-GRANT RATES FOR TRANSPORTATION OF GOVERNMENT TRAFFIC—CONFERENCE REPORT

Mr. JOHNSON of Colorado. Mr. President, I move that the Senate proceed to the consideration of the conference report on House bill 694.

The motion was agreed to; and the Senate proceeded to the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 694), to amend section 321, title III, part II, Transportation Act of 1940, with respect to the movement of Government traffic.

The PRESIDENT pro tempore. The question is on agreeing to the conference report. That question is debatable.

UNITED AUTOMOBILE WORKERS-GENERAL MOTORS CORP. LABOR DISPUTE

Mr. MURRAY. Mr. President, a few days ago I introduced into the RECORD a telegram from the United Automobile Workers which was addressed to me as chairman of the Senate Committee on Education and Labor. It dealt with the great controversy over wage increases and price control between the General Motors Corp. and the United Automobile Workers.

Since then I have been able to assemble certain important facts bearing directly upon the General Motors conflict and likewise of great significance to the Congress and the American people. I ask the indulgence of the Members of the Senate to present this statement of the wage situation in the United States.

The struggle between labor and management in the General Motors Corp. involves directly the welfare of 350,000 workers and their families. In numerous other ways it touches the lives of many thousands more of our citizens—yes, even of millions of them—for what occurs in any major segment of this closely knit industrial society of ours fans out rapidly to the farthest reaches of its geographic boundaries and moves back and forth amongst its business communities and farming areas.

Moreover, the General Motors controversy is no ordinary dispute over wages and working conditions. It is, rather, the first, big, practical attempt to adjust our wartime economy to the practices of peace, to maintain the high levels of employment and income which are absolutely necessary if we are to continue to prosper as a nation of indus-

trial workers, farmers, shopkeepers, artisans, owners, and managers. What is decided in the General Motors case will largely determine the course we choose to take for the next several years. Whether it be onward to higher and reasonable attainable levels of well-being for our people, or whether it is to be the downward toboggan into another and even greater slump and depression than that in the decade of the thirties, rests in no small degree with the Congress of the United States and this administration.

Labor has proposed to General Motors Corp. that an increase in pay to full-time employed workers under the present 40-hour week be made which will tend to offset the 23-percent cut in take-home pay which has resulted since VJ-day. Labor contends that this adjustment in pay, which, even when made, does not increase the purchasing power and living standards of auto factory workers above their prewar levels, can be made without increasing the cost of automobiles to the buying public. The finances and earnings of the corporation are such that these wage adjustments will not reduce profits unduly or impair in the slightest degree the soundness and financial structure of General Motors.

This administration has studied these matters for the Nation as a whole. While there are individual companies which may differ from the average, and may require particular treatment, the General Motors situation characterizes manufacturing generally.

The New York Times of Thursday, October 25, 1945, reports that the economists of the Office of War Mobilization and Reconversion calculate that the measurable savings to management in 1946 will allow a wage increase of 24 percent. These savings include the dropping of overtime, the downgrading of employed workers, and the very substantial sums voted by the Congress in the elimination of the excess-profits tax. Other savings not subject to such precise measurement which will be made by peacetime industry, will considerably increase the level of wages possible without requiring any raise in prices to consumers.

The growing unrest among the workers of the Nation, reflected in certain major strikes already harassing the Na-

tion, and others even more serious which are looming on the horizon, must claim our attention. In my judgment, what is primarily responsible is the severe cut already made and in prospect, both in number of employed workers and in the size of the pay envelope the worker takes home to his family on Saturday night. Some five to six million workers will be, in fact are already being, eliminated from manufacturing pursuits altogether. Those fortunate enough to find other employment must be satisfied with jobs paying up to 50 percent less in take-home money than their wartime jobs in manufacturing.

For those who were still fortunate enough to remain in factory jobs, the first cut came in hours of work to 40 a week from a wartime level of 48, which was unquestionably a boon to them and their families in increased opportunity for family life and recreation. But such cuts in working time are reflected in reductions in pay envelopes up to a third or even more of wartime pay. Nor is the story complete here, for not only is overtime pay cut out entirely, but many civilian industries are, by their very nature, lower paying than war industries, and workers must of necessity be degraded both as to the skills drawn upon and compensated for. Here again the result is a substantial lowering of the amount of wages earned.

We are facing a dangerous condition of shrinking purchasing power in our cities and in income on our farms. The cut in take-home pay, coupled with the unemployment already noticeable, has been reflected in a sharp decline in the national wage bill. I am informed from Government statistics, that during 1946, wages and salaries will fall more than \$20,000,000,000 below the levels of the first half of 1945. The impact of this drop will be felt in many markets. A cut of this magnitude will reduce the income of farmers by from a fifth to a fourth of what it was in 1945. The reduction of purchases of farm products will be sharply and immediately felt, for there is no way to long defer and cushion the loss of consumers buying power in this highly sensitive sector of our economy.

None of us would voluntarily advocate a reduction of wages with such dire con-

sequences for so many of our people. Yet we are told by some that wages must come down. It is said that wartime levels of earnings cannot be continued. We are urged to take our medicine now, and, no matter how sick it makes us, come up recovered and ready to go again as quickly as possible.

Included in this prescription is the conviction held by some that wage increases cannot be granted now to adjust for the cut in take-home pay of workers without substantially increasing prices of products. Let me suggest that we reflect for a moment on conditions as they are today in our manufacturing industry, which throws much light on this moot question. I conclude from an examination of the facts that we can pay substantially higher industrial wages, thereby offsetting in large measure the cut in take-home pay of workers, without in any way requiring an over-all increase in prices of our merchandise. The elimination of the premium of overtime, and the substantial down grading of employed workers has already considerably reduced labor costs and the wage bill of industry. With increasing productivity, labor costs will be still further reduced as the tempo of reconversion steps up. In manufacturing alone, the experts estimate that since the end of the war labor costs have already gone down slightly less than 10 percent per hour worked. Most of this 10 percent might very properly be passed on to workers in an adjustment of their take-home pay. Such a wage increase does not require the increase in prices of products produced.

But it is in the financial position and profit record of wartime industry that we find abundant proof of my contention that wage increases and adjustments can be made without price increases being necessary.

I ask unanimous consent to insert in the RECORD at this point as a part of my remarks certain evidence in the form of tables bearing on this point. The tables show the profits, sales, and investment and return on sales and net worth period 1936-39 average and 1944, for 1,743 large industrial corporations.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—Net sales and profits before and after taxes 1936-39 average and 1944, 1,743 large industrial corporations (by major and minor industry groups)
[Dollars in thousands]

Number of companies	Industrial group	Net sales			Profits before income taxes			Profits after taxes		
		1936-39 average	1944	Percent change	1936-39 average	1944	Percent change	1936-39 average	1944	Percent change
1,743	Total of all companies.....	\$31,620,747	\$80,290,807	+153.8	\$2,721,983	\$8,647,929	+217.7	\$2,254,205	\$3,416,766	+51.6
1,457	Manufacturing.....	25,113,580	68,647,265	+173.3	2,280,996	7,364,773	+222.9	1,885,970	2,870,223	+52.7
626	Durables.....	9,922,057	37,374,985	+276.7	1,001,535	3,868,518	+286.3	807,660	1,285,577	+59.2
47	Automobiles and equipment.....	2,645,702	8,896,250	+235.9	305,849	861,002	+181.5	247,980	296,055	+19.4
17	Motor vehicles.....	2,304,146	6,832,832	+196.5	281,869	628,938	+123.1	223,834	234,914	+2.7
30	Motor vehicle parts and accessories.....	341,556	2,063,418	+501.2	23,980	232,064	+867.7	19,156	61,141	+219.2
17	Furniture and finished lumber products.....	117,427	234,600	+99.8	8,338	28,266	+239.0	6,844	9,409	+37.5
9	Household and office furniture and fixtures.....	63,012	123,521	+96.0	4,544	14,463	+218.3	3,722	5,027	+35.1
8	Other wood products.....	54,415	111,079	+104.1	3,794	13,803	+263.8	3,122	4,382	+40.4
124	Iron and steel and their products.....	3,101,704	9,172,250	+195.7	221,297	851,301	+284.7	174,307	317,207	+82.9
34	Blast furnaces and rolling mills.....	2,348,081	6,558,313	+179.3	154,977	550,279	+255.1	122,419	222,357	+81.6
5	Fabricated structural metal products.....	13,949	418,576	+2,900.8	445	19,571	+4,298.0	339	6,024	+1,677.0
13	Foundry products.....	78,300	282,289	+260.5	5,356	26,884	+401.9	4,222	8,049	+90.6
25	Heating apparatus and plumbers' supplies.....	287,179	578,830	+101.6	26,064	84,270	+223.3	19,880	27,078	+36.2
8	Metal stamping and coating.....	76,973	321,604	+317.8	3,765	64,255	+1,341.0	2,857	15,114	+429.0

Footnotes at end of table.

TABLE 1.—Net sales and profits before and after taxes 1936-39 average and 1944, 1,743 large industrial corporations (by major and minor industry groups)—Continued

[Dollars in thousands]

Number of companies	Industrial group	Net sales			Profits before income taxes			Profits after taxes		
		1936-39 average	1944 ¹	Percent change	1936-39 average	1944 ¹	Percent change	1936-39 average	1944 ¹	Percent change
	Manufacturing—Continued									
	Durables—Continued									
	Iron and steel and their products—Con.									
3	Tin cans and other tinware.....	\$109,043	\$194,567	+78.4	\$10,895	\$16,979	+55.8	\$9,206	\$8,067	-12.1
9	Wire products.....	52,761	147,172	+178.9	4,551	18,059	+296.8	3,674	5,621	+53.0
27	Other iron and steel products.....	135,418	670,899	+395.4	15,244	81,004	+431.4	11,710	24,867	+112.4
25	Lumber and timber basic products.....	50,421	114,543	+127.2	908	10,987	+1,110.0	673	5,035	+648.1
63	Machinery—Electrical.	885,743	3,947,711	+345.7	105,602	507,251	+380.3	87,092	146,749	+68.5
17	Communication equipment.....	169,258	780,664	+361.2	13,189	83,498	+533.1	10,655	22,237	+108.7
9	Electrical appliances.....	35,774	78,822	+120.3	3,723	11,145	+199.4	2,914	4,199	+44.1
25	Industrial electrical equipment.....	550,589	2,602,245	+372.6	80,084	356,943	+345.7	66,376	106,363	+60.2
12	Other electrical products.....	130,122	485,980	+273.5	8,606	55,665	+546.8	7,147	13,950	+95.2
180	Machinery—Nonelectrical.	1,463,946	5,054,239	+245.2	182,698	689,230	+277.3	146,839	213,779	+45.6
10	Agricultural, machinery and tractors.....	542,935	1,566,365	+188.5	66,613	171,327	+157.2	52,104	60,011	+15.2
28	Construction and mining machinery.....	140,662	463,650	+229.6	12,530	54,363	+333.9	10,115	17,032	+68.4
14	Engines and turbines.....	71,177	523,009	+634.8	5,359	69,165	+1,190.6	4,255	16,494	+287.6
65	General industrial machinery.....	315,680	1,173,644	+271.8	44,855	193,597	+331.6	37,045	58,041	+56.7
20	Household and service—industrial machinery.....	120,302	317,446	+163.9	10,004	36,085	+260.7	8,169	12,399	+51.8
19	Metalworking machinery.....	62,210	303,736	+388.2	10,313	57,531	+457.8	8,156	15,499	+90.0
5	Office and store machinery and devices.....	143,244	343,113	+139.5	25,309	61,507	+143.0	20,618	20,035	-2.8
19	Special-industry machinery.....	67,736	363,276	+436.3	7,715	45,655	+491.8	6,377	14,208	+123.7
50	Nonferrous metal and their products.	556,044	1,346,837	+142.2	49,766	139,359	+180.0	40,457	46,124	+14.0
10	Jewelry, silverware, watches, etc.....	60,801	139,909	+130.1	5,671	20,294	+257.9	4,512	6,083	+34.8
3	Lighting fixtures.....	4,918	9,076	+84.5	158	908	+474.7	128	301	+135.2
16	Other nonferrous metal products.....	68,634	399,588	+482.2	6,182	40,486	+554.9	5,063	10,773	+112.8
21	Smelting, refining, and rolling.....	421,691	798,264	+89.3	37,755	77,671	+105.7	20,764	28,967	+5.8
63	Stone, clay, and glass products.	464,482	874,166	+88.2	58,966	108,932	+84.7	48,515	46,038	-5.1
9	Abrasives, asbestos, etc.....	93,013	218,039	+134.4	8,190	28,829	+252.0	6,606	10,720	+62.3
21	Cement.....	74,187	83,498	+12.6	8,917	3,475	-61.0	7,497	1,207	-83.9
5	Concrete, gypsum, and plaster products.....	56,280	98,941	+75.8	8,378	10,249	+22.3	7,094	5,720	-19.4
2	Flat glass.....	82,582	145,529	+75.4	15,725	26,826	+70.6	12,766	14,260	+11.7
8	Glassware—Pressed or blown.....	112,857	252,047	+123.3	12,383	33,508	+170.6	10,183	11,224	+10.2
4	Pottery.....	3,967	6,783	+71.0	399	872	+118.5	332	303	-8.7
14	Structural clay products.....	41,186	69,329	+68.3	4,974	5,173	+4.0	4,037	2,604	-35.5
12	Transportation equipment (excluding automobiles).	400,692	7,168,869	+1,689.1	35,915	563,802	+1,469.8	29,887	167,953	+477.4
17	Aircraft and parts.....	120,426	5,540,423	+4,500.7	16,049	401,503	+2,401.7	12,966	115,888	+797.9
10	Railroad equipment.....	221,839	930,933	+319.6	16,622	117,593	+607.5	13,549	38,421	+183.6
5	Ship and boatbuilding and repairing.....	58,427	697,513	+1,093.8	3,244	44,706	+1,278.1	2,632	13,644	+418.4
25	Miscellaneous durables.....	235,896	575,520	+144.0	32,196	108,388	+236.7	25,856	37,228	+44.0
12	Scientific instruments and equipment.....	172,626	427,168	+147.5	27,879	87,019	+212.1	22,437	30,043	+33.9
13	Other durable products.....	63,270	148,352	+134.5	4,317	21,369	+305.0	3,419	7,185	+110.1
831	Nondurables.	15,191,523	31,272,280	+105.9	1,279,461	3,496,255	+173.3	1,078,310	1,593,464	+47.8
31	Apparel.	140,994	233,465	+65.5	7,100	27,148	+282.4	5,882	9,464	+60.9
23	Men's and boys' clothing.....	121,343	201,752	+66.3	5,983	22,766	+280.5	4,948	8,130	+64.3
8	Women's and misses' clothing.....	19,651	31,713	+61.4	1,117	4,382	+292.3	934	1,334	+42.8
72	Chemicals.	1,526,610	3,588,959	+135.1	277,307	682,389	+146.1	2,345,593	261,530	-11.5
18	Drugs, soap, toilet preparations, etc.....	266,116	614,777	+131.0	40,184	108,432	+169.8	32,740	40,544	+23.8
23	Industrial chemicals.....	840,913	2,072,478	+146.5	198,512	462,685	+133.1	169,903	178,289	+4.9
9	Paints, varnishes, and colors.....	183,543	387,672	+111.2	12,201	32,941	+170.0	10,171	14,805	+45.6
13	Other chemical products.....	109,757	222,909	+103.1	7,358	23,650	+221.4	6,096	9,658	+48.6
9	Synthetic fibers—rayon.....	126,281	291,123	+130.5	19,052	54,681	+187.0	15,683	18,834	+20.1
224	Food and kindred products.	5,122,354	10,746,249	+109.8	213,588	750,656	+251.5	174,462	271,193	+55.4
34	Bakery products.	315,496	563,924	+78.7	15,550	47,233	+203.7	12,628	16,474	+30.4
29	Beverages—alcoholic.....	308,179	1,204,678	+290.9	33,237	155,958	+369.2	26,722	48,760	+82.5
8	Beverages—nonalcoholic.....	38,565	75,099	+94.5	5,677	14,088	+148.2	4,477	5,990	+32.5
27	Canned and frozen foods.....	185,446	342,405	+84.6	6,348	29,916	+371.3	5,083	10,233	+101.3
12	Confectionery products.....	103,373	234,216	+126.6	11,612	43,563	+275.2	9,413	13,591	+44.4
13	Dairy products.....	821,214	1,631,030	+98.6	31,115	119,660	+284.6	25,777	37,849	+46.8
8	Grain-mill products.....	188,418	407,584	+116.3	22,928	39,715	+73.2	18,635	18,200	-2.3
46	Meat products.....	2,430,427	4,930,036	+102.8	24,491	163,100	+566.0	19,238	49,460	+157.1
22	Sugar.....	371,156	620,796	+67.3	26,539	64,512	+143.1	22,290	39,712	+78.4
43	Other food preparations.....	390,089	736,481	+104.5	36,091	72,911	+102.0	30,219	30,984	+2.5
32	Leather and leather products.	366,937	663,482	+80.8	18,064	54,840	+203.6	14,967	19,855	+32.7
11	Footwear and findings.....	302,156	541,956	+79.4	17,199	41,837	+143.3	14,380	16,147	+12.3
32	Tanned and finished leather.....	64,781	121,526	+87.6	865	13,003	+1,403.2	587	3,708	+531.7
76	Paper and allied products.	621,175	1,283,078	+106.6	39,402	160,670	+307.8	31,049	56,095	+80.7
23	Converted paper products.....	174,147	359,514	+106.4	11,687	45,498	+289.3	9,030	15,767	+74.6
47	Paper and pulp mills.....	447,028	923,564	+106.6	27,715	115,172	+315.6	22,019	40,328	+83.2
39	Petroleum and coal products.	4,438,562	7,847,115	+76.8	500,871	1,046,431	+108.9	435,850	708,461	+62.5
24	Petroleum refining.....	4,377,353	7,726,980	+76.5	498,280	1,036,537	+108.0	433,685	704,347	+62.4
47	Petroleum and coal products.....	61,209	120,135	+96.3	2,591	9,894	+281.9	2,165	4,114	+90.0
5	Printing and publishing.....	297,525	514,451	+72.9	24,234	103,072	+325.3	19,502	33,968	+73.7
19	Bookbinding and printing trade services.....	20,325	35,192	+73.1	1,785	5,960	+233.9	1,385	2,178	+57.3
14	Commercial printing.....	52,168	91,152	+74.7	3,550	13,240	+273.0	2,880	4,554	+58.1
23	Periodicals and books.....	225,052	388,107	+72.5	18,899	33,872	+343.8	15,237	27,136	+78.1
14	Rubber products.	719,050	2,470,931	+243.4	42,792	266,439	+522.6	35,067	78,188	+123.0
11	Tires and inner tubes.....	708,327	2,433,981	+243.6	42,015	262,350	+524.4	34,430	76,855	+123.2
3	Other rubber products.....	11,182	36,950	+230.4	777	4,089	+426.3	637	1,333	+109.3
269	Textile-mill products.	949,137	2,167,953	+128.4	42,099	251,052	+496.3	33,042	80,614	+144.0
7	Carpets, rugs, etc.....	108,856	241,374	+121.8	9,467	21,883	+131.2	7,802	8,620	+10.5
115	Cotton textiles.....	373,796	882,282	+136.0	16,737	93,817	+460.5	13,208	30,016	+127.3
28	Knitted goods.....	95,077	137,246	+44.4	4,779	17,990	+276.4	3,890	6,104	+56.9
14	Rayon and silk.....	80,216	214,830	+167.8	3,029	26,805	+784.9	2,368	8,167	+244.9
76	Woolens and worsteds.....	217,504	535,118	+146.0	4,394	70,617	+1,507.1	2,972	20,322	+583.8
29	Other textile products.....	73,708	157,103	+113.1	3,693	19,940	+439.9	2,802	7,385	+163.6
19	Tobacco products.	1,008,720	1,756,597	+74.1	114,004	153,558	+34.7	93,896	74,378	-20.8
6	Cigarettes.....	906,521	1,609,130	+77.5	100,000	130,568	+30.6	82,152	63,674	-22.5
8	Cigars.....	63,455	103,547	+63.2	4,977	13,521	+171.7	4,037	5,434	+34.5
5	Other tobacco products.....	38,744	43,920	+13.4	9,027	9,469	+4.9	7,707	5,270	-31.6
87	Mining.	985,591	1,811,169	+83.8	158,382	331,406	+109.2	136,849	203,307	+48.6
4	Anthracite coal.....	93,592	163,715	+74.9	-5,001	12,783	NC	-5,415	9,446	NC
17	Bituminous and other soft coal.....	150,725	295,824	+96.3	96	28,57				

TABLE I.—Net sales and profits before and after taxes 1936-39 average and 1944, 1,743 large industrial corporations (by major and minor industry groups)—Continued

[Dollars in thousands]

Number of companies	Industrial group	Net sales			Profits before income taxes			Profits after taxes		
		1936-39 average	1944 ¹	Percent change	1936-39 average	1944 ¹	Percent change	1936-39 average	1944 ¹	Percent change
7	Construction.....	\$41,503	\$62,193	+49.9	\$2,272	\$3,614	+59.1	\$1,883	\$1,844	-2.1
21	Services.....	235,046	458,683	+95.1	17,551	110,643	+530.4	15,085	40,660	+169.5
6	Amusements.....	187,857	394,857	+110.0	13,722	100,611	+633.2	11,910	26,082	+203.0
15	Other.....	47,059	63,826	+35.6	3,829	10,032	+162.0	3,176	4,578	+44.1
39	Transportation (excluding railroads).....	268,588	513,110	+91.0	14,594	91,877	+529.6	11,073	41,995	+278.5
6	Air.....	44,060	162,829	+269.6	1,255	28,895	+2,202.4	790	16,779	+2,007.9
8	Warehousing and storage.....	12,263	30,858	+152.5	358	6,187	+1,628.2	243	2,459	+203.7
11	Water.....	68,161	47,807	-29.9	2,747	11,705	+326.1	1,691	6,135	+267.6
14	Other ²	144,104	271,516	+88.4	10,234	45,090	+340.6	8,643	16,563	+105.9
132	Trade.....	4,985,439	8,798,187	+76.5	248,188	745,616	+200.4	203,344	240,826	+22.9
117	Retail.....	4,665,533	8,126,656	+74.2	240,769	699,127	+190.4	197,287	236,569	+19.9
19	Apparel and accessories.....	210,680	407,589	+93.5	8,733	40,212	+360.5	6,983	13,045	+86.8
7	Drugs.....	128,953	225,590	+76.2	6,091	18,832	+209.5	5,054	6,550	+29.6
10	Eating and drinking places.....	101,884	155,215	+52.6	4,268	12,435	+184.7	3,479	5,910	+69.9
13	Food ³	917,123	1,738,742	+89.6	14,262	42,568	+198.5	11,606	17,367	+49.6
5	Furniture and housefurnishings.....	38,667	49,885	+29.0	2,307	7,336	+218.0	1,870	2,292	+22.6
59	General merchandise.....	3,162,955	5,398,066	+70.7	197,561	566,068	+187.0	162,401	186,506	+14.9
41	Department stores.....	1,256,516	2,274,607	+81.0	55,337	246,969	+346.3	45,519	72,830	+60.0
12	Limited price variety stores.....	864,394	1,403,058	+62.3	72,738	161,876	+122.5	61,621	55,910	-9.3
6	Mail-order houses.....	1,042,045	1,720,400	+65.1	60,476	158,063	+127.5	55,261	57,826	+4.6
4	Other retail stores.....	106,381	151,569	+42.5	7,457	11,266	+52.4	5,294	4,779	-18.9
15	Wholesale.....	319,906	671,731	+110.0	7,419	46,489	+526.6	6,057	13,317	+119.9

¹ Renegotiation reserves have been deducted from sales as well as profits in every case where the amount set aside was shown as a current liability, or was known to be included in the provision for income taxes. Total deductions from before-tax profits for renegotiation reserves amounted to \$475,200,000.

² Does not include \$14,300,000 of refunds resulting from carry-back of prior years' excess-profits taxes.

³ Includes highway and pipe-line transportation, services incidental to transportation, and radio broadcasting.

⁴ Represents food chains only. Since independent food stores are, for the most part, small and unincorporated, their profits are not reported in the usual sources.

NOTE.—Profits are shown before minority interest and contingency reserves which are deemed to be nonallowable appropriations from current income. Amounts disallowed for these items were as follows: 1936-39 average—\$73,400,000; 1944—\$444,900,000.

NC—Not computed because of an average deficit in the base years 1936-39.

Source: Basic financial data from OPA Financial Reports, Moody's Industrials, and Standard & Poor's Corporation Records.

TABLE II.—Returns on sales and net worth before and after taxes, 1936-39 average and 1944, 1,743 large industrial corporations (by major and minor industry groups)

Number of companies	Industrial group	Profits before income taxes—as a percentage of—				Profits after taxes—as a percentage of—			
		Net sales		Net worth ¹		Net sales		Net worth ¹	
		1936-39 average	1944	1936-39 average	1944	1936-39 average	1944	1936-39 average	1944
1,743	Total of all companies.....	Percent 8.6	Percent 10.8	Percent 9.7	Percent 25.1	Percent 7.1	Percent 4.3	Percent 8.0	Percent 9.9
1,457	Manufacturing.....	9.1	10.7	9.7	25.4	7.5	4.2	8.1	9.9
626	Durables.....	10.1	10.4	10.2	30.6	8.1	3.4	8.3	10.2
47	Automobiles and equipment.....	11.6	9.7	20.0	38.7	9.4	3.3	16.2	13.3
17	Motor vehicles.....	12.2	9.2	21.1	35.4	9.9	3.4	17.1	12.5
30	Motor vehicle parts and accessories.....	7.0	11.3	12.5	67.6	5.6	3.0	10.0	17.8
17	Furniture and finished lumber products.....	7.1	12.0	10.7	29.4	5.8	4.0	8.7	9.8
17	Household and office furniture and fixtures.....	7.2	11.7	14.4	33.0	5.9	4.1	11.8	11.5
9	Other wood products.....	7.0	12.4	8.1	28.3	5.7	3.9	6.7	8.4
124	Iron and steel and their products.....	7.1	9.3	5.5	18.3	5.6	3.5	4.3	6.8
34	Plast furnaces and rolling mills.....	6.6	8.4	4.8	14.8	5.2	3.4	3.8	6.0
5	Fabricated structural metal products.....	3.2	4.7	4.8	89.3	2.4	1.4	3.7	27.5
13	Foundry products.....	6.8	9.5	6.1	22.2	5.4	2.9	4.8	6.6
25	Heating apparatus and plumbers' supplies.....	9.1	14.6	8.6	26.1	6.9	4.7	6.6	8.4
8	Metal stamping and coating.....	4.9	16.9	6.1	64.1	3.7	4.7	4.7	17.9
3	Tin cans and other tinware.....	10.0	8.7	8.4	14.0	8.4	4.2	7.1	6.7
9	Wire products.....	8.6	12.3	14.3	36.3	7.0	3.8	11.5	11.3
27	Other iron and steel products.....	11.3	12.1	10.7	36.9	8.6	3.7	8.2	11.3
25	Lumber and timber basic products.....	1.8	9.6	1.5	17.2	1.3	4.4	1.1	7.9
63	Machinery—electrical.....	11.9	12.8	13.6	48.1	9.8	3.7	11.2	13.9
17	Communication equipment.....	7.8	10.7	12.1	50.7	6.3	2.8	9.7	13.5
9	Electrical appliances.....	10.4	14.1	26.5	48.7	8.1	5.3	20.7	18.3
25	Industrial electrical equipment.....	14.5	13.7	14.3	47.9	12.1	4.1	11.8	14.3
12	Other electrical products.....	6.6	11.5	9.5	45.4	5.5	2.9	7.9	11.4
180	Machinery—non-electrical.....	12.5	13.6	12.2	34.6	10.0	4.2	9.8	10.7
10	Agricultural machinery and tractors.....	12.3	10.9	10.8	21.4	9.6	3.8	8.4	7.5
28	Construction and mining machinery.....	8.9	11.7	10.9	34.6	7.2	3.7	8.8	10.8
14	Engines and turbines.....	7.5	13.2	9.5	72.0	6.0	3.2	7.5	17.2
65	General industrial machinery.....	14.2	16.5	13.3	43.5	11.7	4.9	11.0	13.1
20	Household and service-industrial machinery.....	8.3	11.4	11.4	32.5	6.8	3.9	9.3	11.2
19	Metalworking machinery.....	16.6	18.9	26.3	63.9	13.1	5.1	20.8	17.2
5	Office and store machinery and devices.....	17.7	17.9	15.6	31.9	14.4	5.8	12.7	10.4
19	Special industry machinery.....	11.4	12.6	9.5	44.6	9.4	3.9	7.9	13.9
50	Nonferrous metals and their products.....	9.0	10.3	9.8	22.2	7.3	3.4	8.0	7.3
10	Jewelry, silverware, watches, etc.....	9.3	14.5	10.0	28.8	7.4	4.3	8.0	8.6
3	Lighting fixtures.....	3.2	10.0	4.0	18.7	2.6	3.3	3.2	6.2
16	Other nonferrous metal products.....	9.0	10.1	14.8	56.6	7.4	2.7	12.1	15.1
21	Smelting, refining, and rolling.....	9.0	9.7	9.3	16.1	7.3	3.6	7.6	6.0
63	Stone, clay, and glass products.....	12.7	12.5	10.2	15.9	10.4	5.3	8.4	6.7
9	Abrasives, asbestos, etc.....	8.8	13.2	11.5	27.3	7.1	4.9	9.3	10.4
21	Cement.....	12.0	4.2	6.0	2.2	10.1	1.4	5.0	0.8
5	Concrete, gypsum and plaster products.....	14.9	10.4	9.9	9.9	12.6	5.8	8.4	5.5
2	Flat glass.....	18.9	18.4	15.2	21.3	15.4	9.8	12.4	11.3
8	Glassware—Pressed or blown.....	11.0	13.3	14.4	29.6	9.0	4.5	11.8	9.9
4	Pottery.....	10.1	12.9	19.7	31.9	8.4	4.5	16.4	11.1
14	Structural clay products.....	12.1	7.5	6.1	6.6	9.8	3.8	5.0	3.3
32	Transportation equipment (excluding autos).....	9.0	7.9	7.1	62.3	7.3	2.3	5.8	18.5
17	Aircraft and parts.....	13.3	7.2	20.7	92.0	10.7	2.1	16.7	26.6
10	Railroad equipment.....	7.5	12.6	4.1	28.7	6.1	4.1	3.4	9.4
5	Ship and boat building and repairing.....	5.6	6.4	12.4	78.8	4.5	2.0	10.1	23.1

Footnotes at end of table.

TABLE II.—Returns on sales and net worth before and after taxes, 1936-39 average and 1944, 1,743 large industrial corporations (by major and minor industry groups)—Continued

Number of companies	Industrial group	Profits before income taxes—as a percentage of—				Profits after taxes—as a percentage of—			
		Net sales		Net worth ¹		Net sales		Net worth ¹	
		1936-39 average	1944	1936-39 average	1944	1936-39 average	1944	1936-39 average	1944
	Manufacturing—Continued								
	Durables—Continued								
25	Miscellaneous durables.....	13.6	18.8	13.5	34.0	11.0	6.5	10.8	11.7
12	Scientific instruments and equipment.....	16.1	20.4	14.5	33.7	13.0	7.0	11.7	11.6
13	Other durable products.....	6.8	14.4	9.2	35.2	5.4	4.8	7.3	11.8
831	Nondurables.....	8.4	11.2	9.4	21.4	7.1	5.1	7.9	9.8
31	Apparel.....	5.0	11.6	8.6	28.0	4.2	4.1	7.2	9.7
23	Men's and boys' clothing.....	4.9	11.3	7.9	25.9	4.1	4.0	6.5	9.3
8	Women's and misses' clothing.....	5.7	13.8	17.5	47.5	4.8	4.2	14.6	14.5
72	Chemicals.....	18.2	19.0	14.0	26.9	15.4	7.3	11.8	10.3
18	Drugs, soap, toilet preparations, etc.....	15.1	17.6	25.1	43.6	12.3	6.6	20.5	16.3
23	Industrial chemicals.....	23.6	22.3	14.3	26.5	20.2	8.6	12.2	10.2
9	Paints, varnishes, and colors.....	6.6	8.5	8.3	18.3	5.5	3.8	6.9	8.2
13	Other chemical products.....	6.7	10.6	10.2	24.4	5.6	4.1	8.4	9.3
9	Synthetic fibers—rayon.....	15.1	18.8	8.8	20.2	12.4	6.5	7.3	7.0
224	Food and kindred products.....	4.2	7.0	9.0	27.8	3.4	2.5	7.4	10.0
34	Bakery products.....	4.9	8.4	8.1	27.7	4.0	2.9	6.6	9.6
29	Beverages—alcoholic.....	10.8	12.9	17.5	53.9	8.7	4.0	14.0	16.8
8	Beverages—nonalcoholic.....	14.7	18.8	23.1	37.6	11.6	7.9	18.2	15.8
27	Canned and frozen foods.....	3.4	8.7	5.4	20.7	2.7	3.0	4.3	7.1
12	Confectionery products.....	11.2	18.6	20.2	55.1	9.1	5.8	16.3	17.2
13	Dairy products.....	3.8	7.3	10.3	33.6	3.1	2.3	8.6	10.6
8	Grain-mill products.....	12.2	9.7	25.2	28.5	9.9	4.5	20.5	13.0
25	Meat products.....	1.0	3.3	4.1	24.8	.8	1.0	3.2	7.5
22	Sugar.....	7.2	10.4	5.9	13.6	6.0	6.4	5.0	8.4
43	Other food preparations.....	10.0	9.9	10.5	20.5	8.4	4.2	8.8	8.7
32	Leather and leather products.....	4.9	8.3	8.6	22.0	4.1	3.0	7.2	8.0
11	Footwear and findings.....	5.7	7.7	9.6	20.0	4.8	3.0	8.1	7.7
73	Tanned and finished leather.....	1.3	10.7	2.8	32.4	0.9	3.1	1.9	9.2
26	Paper and allied products.....	6.3	12.5	5.6	18.4	5.0	4.4	4.4	6.4
47	Converted paper products.....	6.7	12.7	9.4	23.2	5.2	4.4	7.2	9.1
39	Paper and pulp mills.....	6.2	12.5	4.8	16.5	4.9	4.4	3.8	5.8
34	Petroleum and coal products.....	11.3	13.3	8.3	14.6	9.8	9.0	7.3	9.9
5	Petroleum refining.....	11.4	13.4	8.4	14.6	9.9	9.1	7.3	9.9
47	Petroleum and coal products.....	4.2	8.2	5.4	15.7	3.5	3.4	4.5	6.5
5	Printing and publishing.....	8.1	20.0	8.2	35.1	6.6	6.6	11.5	6.6
19	Bookbinding and printing trade services.....	8.8	16.9	7.3	22.3	6.8	6.2	5.7	8.1
23	Commercial printing.....	6.8	14.5	10.7	29.8	5.5	5.0	8.7	10.3
14	Periodicals and books.....	8.4	21.6	7.9	37.8	6.8	7.0	6.4	12.2
11	Rubber products.....	5.9	10.8	8.9	44.0	4.9	3.2	7.3	12.9
3	Tires and inner tubes.....	5.9	10.8	8.9	44.3	4.9	3.2	7.3	13.0
269	Other rubber products.....	6.9	11.1	7.6	30.0	5.7	3.6	6.2	9.8
7	Textile-mill products.....	4.4	11.6	5.4	25.3	3.5	3.7	4.2	8.1
115	Carpets, rugs, etc.....	8.7	9.1	8.0	15.9	7.2	3.6	6.6	6.3
28	Cotton textiles.....	4.5	10.6	5.2	22.7	3.5	3.4	4.1	7.2
14	Knitted goods.....	5.0	13.1	9.1	29.4	4.1	4.4	7.4	10.0
76	Rayon and silk.....	3.8	12.5	7.1	34.0	3.0	3.8	5.5	10.4
29	Woolens and worsteds.....	2.0	13.2	2.6	32.7	1.4	3.8	1.8	9.4
19	Other textile products.....	5.0	12.7	4.9	23.0	3.8	4.7	3.7	8.5
6	Tobacco products.....	11.3	8.7	16.2	19.2	9.3	4.2	13.4	9.3
8	Cigarettes.....	11.0	8.1	17.6	19.7	9.1	4.0	14.5	9.6
5	Cigars.....	7.8	13.1	7.9	19.7	6.4	5.2	6.4	7.9
87	Other tobacco products.....	23.3	21.6	12.8	14.2	19.9	12.0	11.0	7.9
4	Mining.....	16.1	18.3	7.3	14.1	13.9	11.2	6.3	8.6
17	Anthracite coal.....	-5.3	7.8	-3.8	11.5	-5.8	5.8	-4.1	8.5
34	Bituminous and other soft coal.....	.1	9.7	0	10.0	-.4	5.7	-.2	5.9
23	Crude petroleum and natural gas.....	17.6	21.1	8.9	15.8	16.1	17.1	8.2	12.8
9	Metal mining.....	22.6	20.4	8.9	13.8	19.4	11.3	7.6	7.6
9	Copper.....	19.9	20.6	7.4	14.3	17.1	10.9	6.4	7.5
5	Gold and silver.....	40.6	-.5	27.8	-.1	34.5	-3.8	23.6	-.6
3	Lead and zinc.....	19.2	17.5	13.3	18.5	16.9	13.2	11.7	14.0
9	Other metals.....	32.9	24.0	9.8	13.7	28.7	16.7	8.6	9.5
7	Nonmetallic mining and quarrying.....	34.1	36.8	14.2	24.9	30.6	21.8	12.8	14.7
21	Construction.....	5.5	5.8	10.9	14.8	4.5	3.0	9.0	7.6
15	Services.....	7.5	24.1	10.2	43.2	6.4	8.9	8.8	15.9
6	Amusements.....	7.3	25.5	10.5	47.2	6.3	9.1	9.1	16.9
39	Other.....	8.1	15.7	9.2	23.5	6.7	7.2	7.6	10.7
6	Transportation (excluding railroads).....	5.4	17.9	5.2	24.3	4.1	8.2	3.9	11.1
11	Air.....	2.8	17.7	3.1	26.0	1.8	10.3	2.0	15.1
8	Warehousing and storage.....	2.9	20.0	.9	15.8	2.0	7.9	.6	6.2
14	Water.....	4.0	24.5	3.3	13.7	2.9	12.8	2.4	7.2
132	Other.....	7.1	16.6	8.7	31.5	5.6	6.1	6.8	10.1
117	Trade.....	5.0	8.5	12.6	30.0	4.1	2.8	10.3	10.1
19	Retail.....	5.2	8.6	12.9	29.8	4.2	2.9	10.6	10.1
7	Apparel and accessories.....	4.1	9.9	12.9	39.8	3.3	3.2	10.3	12.9
10	Drugs.....	4.8	8.1	16.0	35.8	3.9	2.9	13.3	12.8
13	Eating and drinking places.....	4.3	8.0	6.0	17.1	3.4	3.8	4.8	8.1
5	Food.....	1.6	2.4	8.6	21.4	1.3	1.0	7.0	8.7
59	Furniture and housefurnishings.....	6.0	14.7	8.5	23.7	4.8	4.6	6.9	7.4
41	General merchandise.....	6.2	10.5	13.7	31.0	5.1	3.5	11.2	10.2
12	Department stores.....	4.4	10.9	10.8	39.5	3.6	3.2	8.9	11.6
6	Limited-price variety stores.....	8.4	11.5	15.1	28.5	7.1	4.0	12.8	9.8
15	Mail-order houses.....	6.7	9.2	15.4	24.9	5.3	3.4	12.2	9.1
4	Other retail stores.....	7.0	7.5	15.6	18.6	5.5	3.2	12.3	7.8
15	Wholesale.....	2.3	6.9	6.6	33.9	1.9	2.0	5.4	9.7

¹ Net worth is the sum of common and preferred stocks, surplus, and surplus reserves. Calculations are based on the average of net worth at the beginning and end of each year.

² Includes highway and pipe-line transportation, services incidental to transportation, and radio broadcasting.

NOTE.—Percentage returns are based on profits before minority interest and contingency reserves which are deemed to be nonallowable appropriations from current income. Renegotiation reserves were allowed as an expense and deducted from profits in every case where the amount set aside was shown as a current liability, or was known to be included in the provision for income taxes. For amount of deductions, see table 1.

Source: Basic financial data from OPA Financial Reports, Moody's Industrials, and Standard & Poor's Corporation Records.

TABLE III.—The structure of capital—1936-39 and 1944 capital stock, surplus, and long-term debt 1,743 large industrial corporations (by major and minor industry groups)

(Dollars in thousands)

Number of companies	Industrial group	1936-39 average					1944 ¹					Percentage increase or decrease, 1936-39 average to 1944				
		Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital	Net worth	Long-term debt	Capital stock	Surplus
1,743	Total of all companies	31,750,043	28,029,664	3,720,379	17,903,697	10,125,967	39,338,324	35,266,661	4,071,663	17,822,110	17,444,551	23.9	25.8	9.4	-0.5	72.3
1,457	Manufacturing	26,522,081	23,404,742	3,117,339	15,050,814	8,353,928	33,229,441	29,653,242	3,576,199	15,039,424	14,613,818	25.3	26.7	14.7	-1.1	74.9
626	Durables	10,943,239	9,785,329	1,157,910	6,431,683	3,353,646	13,992,609	12,944,807	1,047,802	6,438,385	6,506,422	27.9	32.3	-9.5	.1	94.0
47	Automobiles and equipment	1,556,095	1,528,269	27,826	792,089	736,180	2,291,009	2,282,411	8,598	827,288	1,455,123	47.2	49.3	-69.1	4.4	97.7
17	Motor vehicles	1,350,440	1,336,537	13,903	699,602	636,935	1,921,724	1,917,500	4,224	717,111	1,200,389	42.3	43.5	-69.6	2.5	88.5
30	Motor vehicle parts and accessories	205,655	191,732	13,923	92,487	90,245	369,285	364,911	4,374	110,177	254,734	79.6	90.3	-68.6	19.1	156.7
17	Furniture and finished lumber products	92,832	78,239	14,593	50,563	27,676	108,909	98,679	10,230	48,623	50,056	17.3	26.1	-29.9	-3.8	80.9
9	Household and office furniture and fixtures	44,191	31,490	12,701	14,611	16,879	55,065	45,366	9,699	15,140	30,226	24.6	44.1	-23.6	3.6	79.1
8	Other wood products	48,641	46,749	1,892	35,952	10,797	53,844	53,313	531	33,483	19,830	10.7	14.0	-71.9	-6.9	83.7
124	Iron and steel and their products	4,866,841	4,019,750	847,091	2,969,584	1,050,166	5,430,479	4,719,814	710,665	2,779,560	1,940,254	11.6	17.4	-16.1	-6.4	84.8
24	Blast furnaces and rolling mills	4,024,466	3,255,352	769,114	2,461,078	794,274	4,348,943	3,755,536	593,407	2,320,576	1,434,960	8.1	15.4	-22.9	-5.7	80.7
1	Fabricated structural metal products	12,679	9,260	3,419	7,388	1,872	24,948	24,139	809	10,655	13,484	96.8	160.7	-76.3	44.2	620.3
13	Foundry products	114,488	87,543	26,945	59,776	27,767	146,479	122,510	23,969	49,199	73,311	27.9	39.9	-11.1	-17.7	164.0
15	Heating apparatus and plumbers' supplies	326,848	301,441	25,407	217,810	83,631	337,048	330,201	6,847	200,155	130,046	3.1	9.5	-73.1	-8.1	55.5
8	Metal stamping and coating	70,680	61,310	9,370	27,847	33,463	130,638	89,234	41,404	27,694	61,540	84.8	45.5	341.9	-0.6	83.9
3	Tin cans and other tinware	132,488	129,916	2,572	80,922	48,994	156,820	121,820	35,000	66,038	55,782	18.4	-6.2	1,200.8	-18.4	13.9
9	Wire products	35,133	31,825	3,308	19,343	12,482	53,898	50,719	3,179	19,628	31,091	53.4	59.4	-3.9	1.5	149.1
27	Other iron and steel products	150,059	143,103	6,956	95,420	47,683	231,705	225,655	6,050	85,615	140,040	54.4	57.7	-13.0	-10.3	193.7
25	Lumber and timber basic products	74,099	59,499	14,600	41,679	17,820	72,138	64,924	7,214	41,037	23,887	-2.7	9.1	-50.6	-1.6	34.0
63	Machinery—Electrical	806,697	775,147	31,550	462,046	313,101	1,185,884	1,098,063	87,821	496,010	602,033	47.0	41.7	178.4	7.4	92.3
17	Communication equipment	120,191	109,438	10,753	63,056	46,382	230,907	174,344	56,563	66,681	107,663	92.1	59.3	426.0	5.7	132.1
9	Electrical appliances	14,794	14,046	748	6,341	7,705	24,617	24,332	285	9,602	14,730	66.4	73.2	-61.9	51.4	91.2
25	Industrial electrical equipment	563,338	561,148	2,190	337,984	223,164	795,672	772,701	22,971	367,795	404,906	41.2	37.7	948.9	8.8	81.4
12	Other electrical products	108,374	90,515	17,859	54,665	35,850	134,688	126,686	8,002	51,932	74,754	24.3	40.0	-55.2	-5.0	108.5
180	Machinery—Non-electrical	1,576,844	1,495,540	81,298	980,478	515,068	2,153,690	2,069,842	83,848	1,083,875	985,967	36.6	38.4	3.1	10.5	91.4
10	Agricultural machinery and tractors	638,712	616,623	22,089	422,189	194,434	879,379	838,379	41,000	530,570	307,809	37.7	36.0	85.6	25.7	53.3
28	Construction and mining machinery	124,980	115,056	9,924	88,865	26,191	162,743	162,435	308	93,187	69,248	30.2	41.2	-96.9	4.9	164.4
14	Engines and turbines	63,259	56,655	6,604	34,602	22,053	102,508	102,408	100	33,718	68,690	62.0	80.8	-98.5	-2.6	211.5
65	General industrial machinery	341,484	337,248	4,236	223,549	113,699	458,732	455,420	3,312	218,876	236,544	34.3	35.0	-21.8	-2.1	108.0
20	Household and service-industries machinery	98,277	87,603	10,674	48,834	38,769	128,295	115,702	12,593	43,709	71,993	30.5	32.1	18.0	-10.5	85.7
19	Metalworking machinery	41,505	39,186	2,319	17,471	21,715	93,163	93,163	-----	19,387	73,776	124.5	137.7	-100.0	11.0	239.7
5	Office and store machinery and devices	180,005	162,169	17,836	89,946	72,223	217,510	195,810	21,700	99,464	96,346	20.8	20.7	21.7	10.6	33.4
19	Special-industry machinery	88,622	81,006	7,616	55,022	25,984	111,360	106,525	4,835	44,964	61,561	25.7	31.5	-36.5	-18.3	136.9
60	Nonferrous metals and their products	547,500	507,666	39,834	341,434	166,232	685,897	635,033	50,864	342,146	292,887	25.3	25.1	27.7	.2	76.2
10	Jewelry, silverware, watches, etc	56,912	56,703	209	39,354	17,349	72,074	71,946	128	35,210	36,736	26.6	26.9	-38.8	-10.5	111.7
3	Lighting fixtures	4,720	3,977	743	3,400	577	5,532	4,966	566	2,509	2,457	17.2	24.9	-23.8	-26.2	325.8
16	Other nonferrous metal products	45,648	41,822	3,826	22,822	19,000	111,764	74,706	37,058	25,188	49,518	144.8	78.6	868.6	10.4	160.6
21	Smelting, refining and rolling	440,220	405,164	35,056	275,858	120,306	496,527	483,415	13,112	279,239	204,176	12.8	19.3	-62.6	1.2	57.9
63	Stone, clay, and glass products	638,281	577,952	60,329	357,961	219,991	723,716	690,843	32,873	358,259	332,584	13.4	19.5	-45.5	.1	51.2
9	Abrasives, asbestos, etc.	77,491	71,037	6,454	39,447	31,590	110,677	104,188	6,489	47,911	56,277	42.8	46.7	.5	21.5	78.1

Footnotes at end of table.

TABLE III.—The structure of capital—1936-39 and 1944 capital stock, surplus, and long-term debt 1,743 large industrial corporations (by major and minor industry groups)—Continued
[Dollars in thousands]

Number of companies	Industrial group	1936-39 average					1944 ¹					Percentage increase or decrease, 1936-39 average to 1944				
		Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital	Net worth	Long-term debt	Capital stock	Surplus
	Manufacturing—Continued															
	Durables—Continued															
	Stone, clay and glass products—Con.															
21	Cement.....	Dol. 177,308	Dol. 149,091	Dol. 28,217	Dol. 103,247	Dol. 45,844	Dol. 165,832	Dol. 156,940	Dol. 8,892	Dol. 98,775	Dol. 68,165	-6.5	5.3	-68.5	-4.3	26.9
5	Concrete, gypsum, and plaster products.....	94,566	84,784	9,782	49,261	35,523	114,110	105,086	9,024	50,071	55,025	20.7	24.0	-7.9	1.6	54.9
2	Flat glass.....	103,396	103,296	100	54,470	48,826	128,371	128,321	50	55,746	72,575	24.2	24.2	-50.0	2.3	48.6
8	Glassware—pressed or blown.....	66,240	86,192	10,048	52,155	24,037	119,282	116,223	3,059	49,732	66,491	23.9	34.8	-69.6	-4.7	95.3
4	Pottery.....	2,271	2,027	244	1,011	1,016	2,791	2,791	-----	1,011	1,780	22.9	37.7	-100.0	0	75.2
14	Structural clay products.....	87,009	81,526	5,484	58,370	23,155	82,653	77,284	5,369	55,013	22,271	-5.0	-5.2	-2.1	-5.8	-3.8
32	Transportation equipment (excluding autos).....	542,892	504,707	38,185	304,640	200,067	1,007,034	1,566,543	50,191	289,696	667,147	85.5	89.6	51.4	-4.9	233.5
17	Aircraft and parts.....	79,106	77,394	1,712	27,102	40,292	478,571	476,224	2,347	77,925	208,269	505.0	515.3	37.1	110.0	888.5
10	Railroad equipment.....	433,312	401,165	32,147	258,538	142,567	463,054	417,436	46,518	204,897	212,539	7.1	4.1	44.7	-20.8	40.1
7	Ship and boat building and repairing.....	20,474	26,148	4,326	8,940	17,208	64,509	63,183	1,326	6,574	56,309	111.7	141.6	-69.4	-23.1	227.2
26	Miscellaneous durables.....	241,168	238,554	2,604	131,206	107,245	233,253	328,355	5,468	171,891	156,404	38.4	37.6	111.1	31.0	45.8
12	Scientific instruments and equipment.....	192,094	191,983	1,811	104,826	87,057	266,497	265,160	1,337	127,346	137,814	37.6	38.2	-26.2	21.5	58.3
13	Other durable products.....	47,464	46,671	793	26,283	20,288	67,356	63,165	4,191	44,545	18,650	41.9	35.4	424.7	68.8	-8.1
31	Nondurables.....	15,578,542	13,619,413	1,959,429	8,619,131	5,000,282	10,236,532	16,768,435	2,528,397	8,601,636	8,167,396	23.5	22.7	20.0	-2	62.1
31	Apparel.....	83,308	82,102	1,206	44,346	37,556	105,474	98,687	6,787	43,687	55,009	26.6	20.2	462.8	-1.5	45.7
23	Men's and boys' clothing.....	76,786	75,709	1,077	39,746	35,963	65,920	69,163	6,757	39,661	49,502	24.9	17.8	527.4	-2	37.6
8	Women's and misses' clothing.....	6,522	6,393	129	4,600	1,793	9,554	9,524	30	4,026	5,498	46.5	49.0	-76.8	-12.5	206.6
72	Chemicals.....	2,050,384	1,684,190	106,164	1,078,121	506,069	2,759,482	2,608,955	150,527	1,186,642	1,422,313	32.0	31.5	41.7	10.1	57.0
18	Drugs, soap, toilet preparations, etc.....	197,182	159,838	37,344	85,635	74,203	301,647	257,106	44,541	102,912	154,194	53.0	60.9	19.3	20.2	107.8
23	Industrial chemicals.....	1,425,524	1,388,068	36,856	738,865	649,783	1,828,363	1,778,094	50,269	797,450	980,644	28.3	28.0	36.5	7.9	50.0
9	Paints, varnishes, and colors.....	153,446	147,308	6,138	64,746	52,562	200,120	185,677	14,443	97,510	88,167	30.4	26.0	135.3	2.9	67.7
13	Other chemical products.....	85,205	72,426	12,779	39,980	32,446	107,244	101,809	5,435	44,670	57,139	25.9	40.6	-57.5	11.7	76.1
9	Synthetic fibers, rayon.....	229,027	215,950	13,077	118,875	97,075	322,078	286,269	35,809	144,100	142,169	40.6	32.6	173.8	21.2	46.5
224	Food and kindred products.....	2,746,659	2,268,985	377,704	1,553,719	815,276	3,126,366	2,748,083	378,283	1,429,470	1,318,613	13.8	16.0	0.2	-8.0	61.7
24	Bakery products.....	208,214	191,066	17,148	138,246	52,820	201,455	173,043	28,412	102,915	70,128	-3.3	-9.4	65.7	-25.6	32.8
29	Beverages, alcoholic.....	235,291	190,458	44,833	105,282	85,176	346,474	305,544	40,930	113,787	191,757	47.3	60.4	-8.7	8.1	125.1
8	Beverages, non-alcoholic.....	25,621	24,610	1,011	10,742	13,868	38,061	38,061	-----	8,692	29,369	48.6	54.7	-100.0	-19.1	111.8
27	Canned and frozen foods.....	137,631	118,197	19,434	83,736	34,461	161,374	147,267	14,107	80,660	66,607	17.3	24.6	-27.4	-3.7	93.3
12	Confectionery products.....	59,084	57,666	1,418	20,586	37,010	82,025	81,612	413	20,183	61,429	38.8	41.7	-72.1	-2.0	66.0
13	Dairy products.....	370,703	201,256	69,447	198,922	102,334	438,179	363,569	74,610	189,965	173,604	18.2	20.7	7.4	-4.5	69.6
8	Grain-mill products.....	90,809	60,809	-----	63,249	27,560	141,744	141,685	59	77,332	64,353	56.1	56.0	-----	22.3	133.5
46	Meat products.....	777,433	604,665	172,768	402,661	202,604	850,738	669,330	181,408	342,160	327,170	9.4	10.7	5.0	-15.0	62.0
25	Sugar.....	472,785	447,419	25,366	287,942	159,477	485,367	474,079	11,288	275,500	198,679	2.7	6.0	-55.5	-4.3	24.5
22	Other food preparations.....	269,128	242,909	26,219	242,343	100,566	380,949	353,893	27,056	218,276	135,617	3.2	3.2	3.2	-9.9	34.9
43	Leather and leather products.....	217,778	208,557	8,781	125,460	79,597	262,667	251,619	11,048	127,121	124,468	20.6	20.4	25.8	-1.8	56.4
82	Footwear and findings.....	183,436	178,601	4,835	106,717	71,884	217,673	210,497	7,176	104,826	105,671	18.7	17.9	48.4	-1.8	47.0
11	Tanned and finished leather.....	24,242	30,366	3,646	22,663	7,713	44,984	41,122	3,862	22,295	18,827	21.0	35.3	-1.9	-1.7	144.7
73	Paper and allied products.....	152,364	704,970	247,424	505,884	199,086	1,047,719	891,078	156,641	522,711	568,367	10.0	26.4	-26.7	3.3	85.0
26	Converted paper products.....	164,144	124,956	39,188	85,068	39,896	212,940	176,462	36,478	63,697	12,755	29.7	41.2	-6.9	10.2	107.4
47	Paper and pulp mills.....	788,250	580,014	208,236	420,816	159,188	834,779	714,626	120,153	429,014	285,112	5.9	23.2	-42.3	1.9	79.4
19	Petroleum and coal products.....	6,892,418	6,008,358	884,066	3,805,170	2,203,188	8,635,947	7,353,806	1,282,141	3,828,571	3,025,225	25.3	22.4	45.0	.6	60.0
24	Petroleum refining.....	6,834,538	5,960,438	874,500	3,767,772	2,192,866	8,560,697	7,287,886	1,272,811	3,787,262	3,500,624	25.2	22.3	45.5	.5	59.0
5	Petroleum and coal products.....	57,480	47,920	9,560	37,568	10,322	75,250	65,920	9,330	41,309	24,611	30.9	37.6	-2.4	1.9	138.4
47	Printing and publishing.....	250,444	296,699	53,745	179,747	116,552	378,008	320,794	57,214	162,665	158,129	8.0	8.1	7.6	-0.5	35.2
5	Bookbinding and printing trade services.....	24,341	24,299	.2	16,110	8,189	27,178	27,178	-----	16,213	10,965	11.7	11.8	-100.0	.6	33.9
19	Commercial printing.....	37,309	33,249	4,060	17,125	16,124	48,222	45,245	2,977	16,977	28,268	29.3	36.1	-26.7	-1.9	75.3
23	Periodicals and books.....	288,794	239,151	49,643	146,512	92,639	303,208	248,371	54,837	129,475	118,896	5.0	3.9	10.5	-11.6	28.3

Footnotes at end of table.

TABLE III.—The structure of capital—1936-39 and 1944 capital stock, surplus, and long-term debt 1,743 large industrial corporations (by major and minor industry groups)—Continued
[Dollars in thousands]

Number of companies	Industrial group	1936-39 average					1944					Percentage increase or decrease, 1936-39 average to 1944				
		Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital ²	Net worth ³	Long-term debt ⁴	Capital stock ⁵	Surplus ⁶	Invested capital	Net worth	Long-term debt	Capital stock	Surplus
	Manufacturing—Con. Nondurables—Con.															
14	Rubber products.....	Dol. 654,209	Dol. 481,307	Dol. 172,902	Dol. 360,978	Dol. 120,329	Dol. 815,150	Dol. 623,059	Dol. 192,061	Dol. 244,626	Dol. 278,433	24.6	29.5	11.1	-4.5	131.4
11	Tires and inner tubes.....	643,358	471,016	172,242	583,537	117,479	800,949	608,947	192,002	338,530	270,417	24.5	29.3	11.4	-4.3	130.2
3	Other rubber products.....	10,851	10,291	100	7,441	2,850	14,201	14,112	89	6,096	8,016	30.9	37.1	-84.1	-18.1	181.3
269	Textile-mill products.....	823,560	781,880	41,680	487,271	294,609	1,050,523	1,012,517	38,006	468,480	544,037	27.6	29.5	-8.8	-3.9	84.7
7	Carpets, rugs, etc.....	125,060	118,281	6,779	53,118	65,163	139,234	128,879	445	55,459	83,420	11.4	17.4	-93.4	4.4	28.0
115	Cotton textiles.....	338,058	324,206	13,762	228,791	95,505	485,765	422,007	13,758	209,730	212,277	28.9	29.1	-0.0	-8.3	122.3
28	Knitted goods.....	55,220	52,271	2,949	34,242	17,629	65,622	59,560	6,062	24,856	34,074	18.8	13.9	105.6	-28.4	95.1
14	Rayon and silk.....	40,478	42,895	7,083	18,400	24,455	92,930	83,265	9,731	28,456	54,749	86.0	94.0	37.4	54.1	124.1
76	Woolens and worsteds.....	175,684	169,237	6,447	98,459	70,778	226,683	219,757	6,926	98,110	121,647	20.0	29.9	7.4	-	71.9
29	Other textile products.....	70,570	74,900	4,670	54,161	20,769	50,193	89,169	1,084	52,139	26,570	13.4	19.0	-76.8	-3.6	77.7
19	Tobacco products.....	767,648	701,915	65,733	474,465	227,420	1,054,896	799,837	255,059	487,066	312,771	37.4	14.0	288.0	2.6	37.5
6	Cigarettes.....	633,983	568,436	65,547	394,228	174,208	914,079	666,941	247,138	413,428	253,513	44.2	17.3	277.0	4.9	45.5
8	Cigars.....	63,351	63,165	186	32,672	20,493	74,113	66,192	7,921	26,517	39,675	17.0	4.8	158.6	-18.8	30.1
5	Other tobacco products.....	70,314	70,314	-----	47,566	32,719	66,704	66,704	-----	47,121	19,583	-5.1	-5.1	-----	-1.0	-13.8
87	Mining.....	2,468,022	2,174,833	308,189	1,348,998	825,835	2,571,736	2,387,876	183,860	1,285,029	1,162,847	-3.6	9.8	-40.4	-4.8	33.5
4	Anthracite coal.....	242,642	130,821	112,121	82,268	48,523	200,498	104,057	96,441	82,479	21,578	-17.5	-20.5	-14.0	-0.2	-55.5
17	Bituminous and other soft coal.....	325,745	272,980	52,759	170,442	96,544	304,062	292,653	11,409	165,625	127,028	-6.7	7.2	-78.4	-6.1	31.6
24	Crude petroleum and natural gas.....	394,009	364,829	29,180	282,788	82,071	441,336	394,263	47,073	236,035	158,228	12.0	8.1	61.3	-16.5	52.8
23	Metal mining.....	1,407,098	1,269,719	107,379	751,927	547,792	1,508,169	1,482,854	25,315	750,366	732,488	7.1	14.1	-76.6	-	33.7
9	Copper.....	1,143,702	1,053,382	90,320	655,644	397,738	1,248,834	1,231,716	16,818	655,208	676,508	9.2	16.9	-81.4	-	44.9
6	Gold and silver.....	63,187	61,918	1,269	45,270	16,646	64,870	64,143	727	44,919	10,224	2.7	3.6	-42.7	-	15.5
5	Lead and zinc.....	55,570	54,126	1,444	29,176	24,950	60,412	60,412	-----	28,402	32,010	8.7	11.6	-100.0	-2.7	28.3
3	Other metals.....	145,239	130,293	14,946	21,837	108,466	134,353	126,583	7,770	21,837	104,746	-7.5	-2.9	-48.0	0	-3.4
9	Nonmetallic mining and quarrying.....	112,628	106,478	6,150	55,473	50,965	117,671	114,049	3,622	50,524	63,525	4.5	7.1	-41.1	-9.1	24.8
7	Construction.....	21,169	20,634	575	15,808	5,066	25,062	24,638	424	13,263	11,255	14.4	17.7	-56.5	-15.7	122.2
21	Services.....	231,237	172,022	59,215	77,024	54,938	319,432	270,559	48,473	81,073	189,880	38.1	57.5	-18.2	5.3	99.9
6	Amusements.....	178,236	130,264	48,072	70,944	79,420	206,490	227,751	38,745	54,848	172,003	40.4	74.8	-19.4	7.9	117.7
15	Other.....	52,501	41,758	11,143	26,180	15,578	52,636	43,208	9,728	26,225	16,983	1	3.5	-12.7	2	9.0
39	Transportation (excluding railroads).....	852,439	281,238	71,201	188,269	12,979	452,322	396,142	53,180	185,765	213,377	28.3	41.9	-25.3	-1.3	129.5
6	Air.....	45,188	40,437	4,751	22,856	17,181	134,702	122,758	11,944	49,054	73,694	198.1	203.6	151.4	114.7	319.2
8	Warehousing and storage.....	64,324	39,110	25,214	26,024	13,086	61,128	40,203	20,925	18,953	21,205	-5.0	2.8	-17.0	-27.0	62.0
11	Water.....	102,518	83,887	18,631	53,177	30,710	90,405	85,170	5,235	42,849	42,849	-11.7	1.5	-71.4	-20.4	30.5
14	Other.....	140,469	117,804	22,065	86,202	31,002	165,597	151,611	14,986	75,382	75,629	18.2	28.2	-33.7	-12.6	139.3
132	Trade.....	2,136,355	1,575,805	163,400	1,222,724	752,161	2,740,331	2,530,804	209,527	1,217,436	1,313,368	28.1	28.1	28.2	-4	74.4
117	Retail.....	2,023,362	1,563,832	168,550	1,147,489	746,243	2,560,195	2,387,941	102,254	1,140,203	1,247,738	28.1	28.1	27.6	-6	74.2
10	Apparel and accessories.....	72,007	67,687	4,920	32,004	34,788	123,221	106,618	16,003	32,864	72,754	69.7	57.5	237.5	2.9	109.2
7	Drugs.....	58,443	58,038	405	25,375	12,668	54,168	52,371	1,797	26,230	26,141	40.9	37.7	343.7	3.4	108.4
10	Eating and drinking places.....	86,194	72,249	16,045	41,132	31,117	86,885	73,323	13,572	38,267	35,056	-2.6	1.5	-19.9	7.0	12.7
13	Food.....	177,867	165,918	11,949	103,744	62,174	235,423	201,612	33,811	111,820	89,783	32.4	21.5	183.0	7.8	44.4
5	Furniture and house furnishings.....	27,789	27,032	757	17,806	9,226	31,937	31,381	556	16,282	15,069	14.9	16.1	-26.6	-8.6	63.7
59	General merchandise.....	1,559,803	1,445,142	114,661	891,459	553,643	1,686,907	1,660,713	126,194	878,372	682,341	27.3	28.8	9.2	-1.5	77.4
41	Department stores.....	595,012	511,669	83,313	301,600	210,069	720,002	640,754	80,048	271,130	369,624	21.1	25.2	-3.9	-10.1	75.9
12	Limited-price variety stores.....	511,047	480,975	30,072	269,285	128,690	618,001	575,365	43,236	254,548	320,817	21.0	10.6	43.8	9	40.3
6	Mail-order houses.....	453,744	452,468	1,276	337,614	114,534	646,504	644,594	1,910	352,604	291,900	42.5	42.5	49.7	4.5	154.1
4	Other retail stores.....	56,059	47,766	8,853	35,629	12,737	72,644	61,923	10,721	35,259	26,564	28.2	29.6	20.6	9	108.6
15	Wholesale.....	116,953	112,063	4,650	75,245	36,818	150,136	142,863	7,273	77,233	65,630	28.3	27.5	47.5	2.6	78.3

¹ The 1944 figures shown here are as of the end of the year.
² Invested capital is the sum of net worth and long-term debt.
³ Net worth is the sum of common and preferred stocks, surplus, and surplus reserves.
⁴ Long-term debt consists of bonds, notes, mortgages, etc., with a maturity of 1 year or more.
⁵ Capital stock is the sum of common and preferred stocks, less treasury stock.
⁶ Surplus is the sum of all classes of surplus and surplus reserves.

Source: Basic financial data from OPA Financial Reports, Moody's Industrials, and Standard & Poor's Corporation Records.

Mr. MURRAY. Here it will be noted that the automobile industry, of which General Motors is a conspicuous example, had a profit based on net worth and calculated before taxes in 1936-39 of 20 percent, but that the favorable wartime atmosphere increased that profit to 38.7 percent in 1944. When earnings after taxes are calculated, the automobile industry had a profit based on net worth for the years 1936-39 of 16.2 percent. Even when the imposition of wartime taxes is considered—taxes which, we will recall, were intended to prevent any corporation making a great

gain out of the war effort of the people—the automobile industry showed a profit after taxes of 13.3 percent of its net worth in 1944.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. HICKENLOOPER. I am interested in the figures which the Senator has given, and in his statement that a certain percentage of earnings were realized upon the net worth of the automobile business. I assume that the statement refers largely to capital investment. Does the Senator have any

figures with reference to what the percentage of profit was on the gross volume of the automobile business after taxes?

Mr. MURRAY. I do not have that information with me, unless it may be covered in the tables I have just inserted in the Record. I know it is available and can be furnished.

Mr. HICKENLOOPER. It is my understanding that there is a substantial difference between the net-volume percentage and the net-worth percentage.

Mr. MURRAY. The information is available, and I shall undertake to secure it if it is not contained in the tables from

the Department of Commerce which I have submitted.

Mr. HICKENLOOPER. I thank the Senator.

Mr. MURRAY. The automobile industry averaged \$248,000,000 of profits after taxes in the years 1936-39, but in 1944, despite all wartime conditions then prevailing, this profit had risen to \$296,000,000. General Motors Corp. made \$171,293,000 in profits in 1944, which was 12.3 percent of its net worth.

While profits are expected to decline in 1946, nevertheless Treasury estimates show that because of the elimination of the excess-profits tax, there is every prospect of an actual increase in the earnings of corporations after taxes are paid.

Mr. FULBRIGHT. Does the Senator have figures as to the amount of excess-profits taxes corporations paid in 1944?

Mr. MURRAY. I shall come to that. In 1944, that figure was \$10,000,000,000; it is calculated it will be \$11,000,000,000 in 1946. Couple this with the decrease in the wage bill, due to elimination of overtime pay and down-grading of workers, and the Treasury's estimates will in all probability turn out to be low.

When manufacturing alone is considered in this light, the calculation has been made that a 24-percent increase in wages would leave industry in 1946 with the same level of profits, after paying all taxes, that it earned at the wartime peak. Surely, no manufacturer can stand before the bar of public opinion in the United States and claim that he is entitled to more.

On the contrary, in the interest of an ever-expanding, healthy economy, in his own enlightened, self-interest, in fact, every manufacturer in this country must know that such excessive profits indicate the need for further wage-and-salary adjustments which will still further increase the in-pocket ability to buy goods and services of his workers.

Mr. FULBRIGHT. Does the Senator conclude from those high profits that they should raise wages? Does he not think it is reasonable that we should also keep taxes at the high level prevalent during the wartime period?

Mr. MURRAY. I have no argument with the Senator about the maintenance of taxes. The facts I am recounting are taken from statistics prepared in Government agencies in Washington, and also from the New York Times statement which was printed a few days ago, as well as the CIO brief which was introduced into the record a few days ago.

Mr. President, I want to be clearly understood. My analysis is of the national situation, the over-all prevailing conditions. I am not speaking here of conditions existing in every plant and business in the country. As chairman of the very active Senate Small Business Committee, I have become well aware of the plight of many small and independent enterprises whose reconversion problems of prices and wages deeply concern me and my colleagues. The Small Business Committee is bending every effort to assist in the solution of these problems.

I am aware, too, that industry is getting out from under the protective umbrella of huge Government war cost-plus contracts. It may be necessary in some plants to produce lower-profit civilian goods. The problems of reconversion requiring the training of labor to new tasks also confront management. But American businessmen have shown a remarkable adaptability and ingenuity. These problems will not hold them back for long.

The efficiency of labor under wartime conditions, even at its remarkable best, was far below what can be achieved in the more orderly ways and under the less hurried and compelling conditions of peace. After World War I, output per man-hour, which is the measure of the effective use of labor power and technology, increased on an average 10 percent per year for 3 years. And despite the relatively great gains in man-hour productivity during World War II, it is confidently expected that the postwar increases in the productivity of labor will hardly be less phenomenal than after the last war. The shorter work week, the elimination of marginal workers, pressure to keep their jobs in a situation of considerable unemployment, the reduction of absenteeism, and the general desire to settle down to the pursuits of peace, will all contribute to this increased productivity of labor.

Management is in possession of modern new plants, largely built through the favorable amortization provision of wartime tax laws. Seventy percent of the nearly \$7,000,000,000 of war plant facilities now the property of the corporations was paid for by the taxpayers of the Nation. In addition, large companies are getting the bulk of the Government-owned war plants. With such facilities, management is equipped to show such efficiency in the production of goods at low cost as never before. Combined with the efforts of satisfied, well paid workers, there is in prospect a high level of productive efficiency which will make high wages pay off in high profits, and in greater volume of goods moved into the hands of consumers. This has ever been the American way of meeting the challenge of industrial development.

Mr. President, I do not seek here to try the case of labor against the General Motors Corp. That case transcends in importance its character as a conflict between a union and a company. That case is now before the American people. The Nation's press has spread it on countless front pages, the radio has commented on it as a specially important feature in domestic life, and this body has been asked to give attention to its facts and implications for the general welfare.

One point raised in this controversy does concern the Congress directly. Mr. Charles E. Wilson, president of General Motors Corp., has offered as one alternative solution to the controversy between his company and its labor force that Congress amend the Wages and Hours Act, increasing the 40-hour week to 45. The proposal seems to me a demand to turn the clock back. It is being

predicted by Mr. Snyder, Director of the Office of War Mobilization, and by other responsible Government officials, that by next spring the unemployed will number in the neighborhood of 8,000,000. This prediction is on the basis of an assumed 40-hour week. A 45-hour week would result in a still larger number out of work. It is our common responsibility to do everything possible to work in the opposite direction, that is, to reduce the large threatened unemployment.

Several witnesses testifying on the full-employment bill which the Senate passed recently argue that it would be necessary to reduce the hours of work below 40 per week in order to absorb the unemployed. It is my personal conviction that any further reduction of hours at this time would represent a confession of failure—that we are unable to achieve full production and full employment. It would amount to the procedure so common in the period of the thirties of spreading the work. I believe that with the full cooperation of industry, labor, and the Government, we can achieve full employment with a 40-hour week.

For years labor faithfully kept its pledge of no disturbances to interfere with the war effort. Labor abided by the Little Steel formula and obtained no major advances in wage rates despite the enormous wartime profits made by the corporations from Government contracts, and even despite some advance in the cost of living. Then with VJ-day the decision was reached to restore collective bargaining. This was a wise move, for under normal conditions the democratic way of settling differences between management and labor is through collective bargaining.

This administration will soon announce a national policy regarding wages and prices. They will be adjusted in respect to particular factories and local communities through the operation of collective bargaining machinery which takes into account the differences found in each locality.

What is necessary now, if we are to prevent major industrial disturbances, is that the Government stop tipping the scales in favor of any one group. To this end I propose a two-point program.

First. The OPA should be directed to reduce prices to offset any decrease in average hourly wages resulting from elimination of the overtime premium and downgrading. This would encourage management to grant wage increases to offset these factors, and would prevent any undue profits if industry refused to do so.

Second. The Congress should be asked to amend the tax law to provide that any corporation which refuses to bargain collectively in good faith and refuses to accept the mediation or voluntary arbitration offered by the Secretary of Labor is not entitled to the carry-back and carry-forward tax provisions with respect to the income of the year in which it has refused to bargain collectively or to accept mediation or voluntary arbitration services of the Secretary of Labor. If corporations are to engage in union

busting they should be required to do so at their own expense.

I am greatly encouraged by the President's announcement that he will soon explain the wage and price situation to the Nation. But in addition to this important declaration, it is vitally necessary that both sides to this controversy make clear to the American people without equivocation or deception the facts upon which they stand. As I stated a few days ago:

They owe an obligation to the American people to prevent the dangerous consequences of strikes which would demoralize the country. Both sides must take the public into their full confidence and give a straightforward, honest statement of the facts so that the American people may know whether demanded increase in wages may be made without an increase in prices.

THE REVENUE ACT OF 1945

Mr. FULERIGHT. Mr. President, due to a death in my family I was not able to be present during the debate Wednesday on the tax bill. I have read the report of the debate, and I wish to make a few observations in order to clarify my own position about the bill.

There was one statement in particular, a very short statement by the senior Senator from Wyoming [Mr. O'MAHONEY], which I wish to read, and which I approve and support. He said:

Never did the Nation need revenue more than it needs it now. Never were the people better prepared to bear taxes than they are now. Never was capitalism in greater danger than now. Never was there a more inappropriate time to cut taxes.

I think the senior Senator from Texas [Mr. CONNALLY] was the only other Senator who expressed any disapproval of the principal features of the bill.

Mr. President, the main reasons for high wartime taxes, including the excess-profits tax, were, first, to hold down the deficit and the need for borrowing particularly from the banking system; second, to reduce inflationary pressures at a time of greatly excessive demands for goods and services relative to supply; and, third, to curb profiteering out of the war.

These underlying reasons for maintaining high taxes apply with equal or even greater force during the critical period of reconversion, because, first, we still face a heavily unbalanced Budget; every dollar of Government expenditures not raised by taxes will have to be borrowed, and to the extent that banks furnish these funds new supplies of money will be added to the already enormous accumulations of liquid funds in the hands of the public as a result of war financing; second, demands, both domestic and foreign, upon our economy are and will continue for an indefinite period to be greatly in excess of supply; and, third, the profits to be made in the next year, at least, will be a direct result of war expenditures and thus just as much war profits as if they were derived while hostilities were still in progress.

Taxation is the last real bulwark against inflationary forces because of the weakening or removal of other controls, such as the War Labor Board exercised over wages and hence prices, or such as

the WPB exercised in the construction field. The most prudent course at this juncture would be to defer tax reductions until such time as supply is more nearly in balance with demand and we have begun to approach a balanced Budget. At this stage we would be wise to err on the side of too much rather than too little revenue—taxes can always be reduced.

I wish to remind the Senate that the real period of inflation in connection with the last war was not so much during the war as it was soon after the war. In fact it began about 6 months after the war with the removal of what controls there were during that war, and we are facing exactly the same situation.

To the extent that any taxes are reduced at this time, it means adding just that much more to the public debt, which is already approaching \$300,000,000,000. Our first obligation is to protect Government credit and the billions upon billions invested in Government bonds and other savings. Unless the deficit can be overcome now that the war is over and demand continues to exceed supply, the question inevitably arises as to when, if ever, the Budget can be balanced.

Since the basic problem today is one of shortages of goods in relation to demand and purchasing power, prudent fiscal policy requires that high taxes be maintained in order to reduce the deficit so far as possible. Not only is the backlog of demand unprecedented, but the supply of money in the hands of prospective customers is at an all-time high and will be further increased as reconversion and employment in peacetime occupations occur. The situation would be entirely different if we were confronted with a progressive deflation and inventories were in excess of effective demand. Then the problem would be to create more demand for goods and to give employment, and fiscal policy would call for first reducing taxes on the lower incomes.

If any taxes are to be reduced now, however, reductions should not go first to those best able to pay, but to those least able to pay. So far as individual taxpayers are concerned, this can be accomplished by removing the 3-percent normal tax on individual incomes, as proposed by the Treasury. It is estimated that this entails a loss of revenue of about \$2,000,000,000. This will remove from the tax rolls about 12,000,000 taxpayers in the lower-income groups. While it will benefit primarily the lowest groups, it will apply to all income taxpayers.

Similarly, if corporate taxation is also to be reduced, the benefits should go primarily to concerns which are not the most profitable, and this, in turn, would be accomplished by reducing surtax rates under the corporation income tax by, say, 4 points, as proposed in section 121 of the House bill. The benefits would, likewise, go to all corporations but would be of the most help to the smaller ones. Such a reduction, it is estimated, would mean a loss of revenue of about \$400,000,000.

These two reductions, of primary benefit to the smaller individual and corporate taxpayers, would amount to approximately \$2,400,000,000.

Any further reduction would benefit primarily those best able to pay. This is particularly true with respect to repeal of the excess-profits tax. By and large, business and industry which is in the excess-profits tax has never been so well off, never had such vast accumulations of cash or its equivalent, never had bigger earnings after taxes, and never had such glowing prospects of profits as are to be made in filling the unprecedented backlog of demands from domestic as well as foreign sources.

It is significant that expectations of outright repeal of the excess-profits tax are having four adverse effects: First, it is doing much to boom the stock market, drawing into this vortex of speculation funds that the Government ought to be getting. Second, whetting the appetite of labor for bigger demands, reinforced by strikes. Third, inducing corporations in the excess-profits group to avoid any further sales in the last quarter of this year, because, obviously, profits after January 1 would go untaxed so far as the excess-profits tax is concerned if Congress repeals it as of that date. Fourth, inviting inventory speculation in anticipation of profits resulting from rising prices together with lower taxes.

Some moderate reduction in the excess-profits tax may be justified in order to discourage wasteful expenditures, but the tax should be retained at a rate of 70 percent, certainly not less than 60 percent, during the coming year. This will bring in urgently needed revenue from those corporations best able to pay and will be a damper on speculation as well as a curb on war profits. It will help to demonstrate to the public that the Government means to hold the line and protect the purchasing power of the dollar.

The argument that business needs a special tax incentive to produce and to employ people at this time is inconsistent with the basic economic facts. The war demonstrated that if business has orders it will go ahead producing and furnishing employment notwithstanding high taxes. Business has never had such a peacetime prospect for orders as it has today because demands—foreign and domestic—are so large and so far in excess of supply. With such intense demand and the sharp competition for markets, production would go ahead if there were no reduction in the excess-profits tax. It cannot logically be held that removal of this tax will give needed incentive to existing business. As for new business enterprise, its main problem is to obtain material and labor in order to get under way in competition with established industry.

Not unless it were to be carried over as a permanent part of the tax structure and at high rates, could the excess-profits tax be considered a deterrent to new and small enterprises because it usually takes years at best for them to make earnings that would be subject to such a tax. Moreover, the Tax Adjustment Act of 1945 provides for an exemption of \$25,000 under the excess-profits tax. This is a decided boon to the smaller concern,

though it means little to the large and most profitable ones. Instead of benefiting from repeal of the excess-profits tax now, the smaller corporations would lose the advantage of the exemption. And to repeal the excess-profits tax and leave the normal corporation tax as it is would work still further to the advantage of the larger and to the disadvantage of the smaller concerns, generally speaking.

The argument is frequently made that repeal of the excess-profits tax will make no great difference in revenue collections because corporations will pay in dividends to stockholders what would otherwise be taxed from the corporation in excess profits. This would only be true however, if dividend recipients were taxable at the same rate and if there were a sufficiently effective tax on undistributed earnings to induce corporations to pay them out in dividends instead of retaining them and thus adding to the value of their corporate securities. Average rates under the individual income tax are much lower and there is no specific tax on distributed earnings. The result of retaining them is to enhance the value of securities and to add to speculative trading in them. Most gains from such transactions, under present capital gains taxation, are subject only to a maximum rate of 25 percent.

The contention that repeal will help to provide employment and prevent deflation is equally untenable in the light of the foregoing factors. The unemployment we are witnessing is transitional, not chronic. It is not spreading into a cumulative deflation such as we witnessed after 1929, and cannot take such a course so long as purchasing power and demand are so great. Under democratic government, labor cannot be ordered around but is drawn by economic pressure from places where jobs no longer exist in war production to places where jobs will exist in peace production. To characterize the immediate economic outlook as predominantly deflationary is superficial. In order to assure a rapid and permanent reemployment of servicemen and war workers, the first need is to prevent inflationary developments that would lead in the end to an ultimate break-down and deflation such as we had in 1921 for a short period and 1939 for a long period.

Not only on economic grounds, but as a matter of equity, repeal of the excess-profits tax is inconsistent with the facts, for it would benefit, generally speaking, the industrial giants, not small business. During the war years profits of taxable corporations averaged about \$25,000,000,000 before taxes as compared with seven billions from 1938 to 1940. Even after taxes, these profits averaged about 10 billions during the war year as against six billions in the prewar years.

While the excess profits have been received by corporations of all sizes, nevertheless, preliminary tabulations for 1943 show that less than 10 percent of excess-profits taxes for that year came from corporations with taxable excess profits of less than \$100,000, while over 70 percent came from corporations with profits in excess of \$1,000,000. Also, the tabulation shows that income subject to excess-profits tax has been a substantially

higher percentage of total income for large than for small corporations. Thus, this ratio amounted to 30 percent for corporations with taxable excess profits under \$25,000; 53 percent for corporations with profits between \$25,000 and \$50,000; and approximately 70 percent for corporations with profits in excess of \$500,000.

Not only have corporate profits been higher during the war than ever before, notwithstanding increased rates and the excess-profits tax, but business in general has never before accumulated such vast amounts of liquid assets. According to estimates as of the end of 1944, corporation holdings of Government securities, bank deposits, and currency amounted to nearly \$50,000,000,000, or almost four times the amount of the same items at the end of 1939. In the face of this financial position, it cannot be said that business as a whole needs tax relief.

To take off the excess-profits tax now means not only that corporations least in need of tax relief or incentive will benefit by some two and a half billions—half of what the Treasury sanctions in tax reduction at this time—while the repeal would be of no benefit to the great bulk of small or new enterprise, but the position of the larger companies will be still further improved by prospective refunds and benefits under the Tax Adjustment Act of 1945, which are estimated to reach a total of over \$4,000,000,000 in the coming year.¹

For many of the same reasons the wartime excise taxes should be among the last, not among the first, levies to be removed. These, broadly, are taxes on luxuries. To repeal them after July, as proposed in the House bill, would mean a loss in revenue estimated at about \$550,000,000. They should be retained until inflationary dangers are past and the Budget in balance.

To sum up, if any reductions are to be made at this stage, they should benefit primarily those at the bottom of the income scale, not those individuals and corporations best able to pay taxes. Repeal of the excess-profits tax, in particular, not only favors the few and the financially strongest corporations, but it would grant them these benefits, including refunds, at the Government's expense when revenue is of critical importance; it sets an example in pocketing what are, in fact, war profits that makes it difficult to argue that labor should be denied correspondingly large wage increases; and the effect is to invite the familiar wage-price upward spiral.

¹ This \$4,000,000,000 is estimated to include: \$1,100,000,000 from the cashing in of postwar refund bonds; \$1,200,000,000 from the carry-back of unused amortization charges for plant and equipment purchased under certificates of necessity; \$1,200,000,000 from the carry-back of anticipated (1946) losses and unused excess-profits credits, applied against 1945 liabilities payable in 1946; \$700,000,000 from the current application of the postwar credit against 1945 liabilities payable in 1946. Due to the many uncertainties involved these estimates, with the exception of the first figure, are necessarily uncertain. However, the estimates are on the conservative side.

The underlying need at this stage is not to arrest a deflationary spiral and to put funds into the hands of people who will spend them or to offer special tax inducements to business to produce. The basic underlying need is to restore as rapidly as possible a budgetary situation which will maintain faith in the currency and preserve the buying power of the billions invested in Government securities and other savings. This is particularly important in view of the present campaign to sell an additional large number of Government bonds.

CONTROVERSY BETWEEN GENERAL MOTORS AND THE UNITED AUTOMOBILE WORKERS

Mr. WILSON. Mr. President, on October 24, 1945, the Senator from Montana [Mr. MURRAY] asked and obtained leave to have printed in the CONGRESSIONAL RECORD a telegram from Walter Reuther, vice president and director of the General Motors Department, United Automobile Workers, CIO. The telegram contains an account of only a part of what transpired at the press conference held on October 19, 1945, for 18 representatives of the daily press who were making an aerial tour to study reconversion. In order that a complete statement of what occurred may be available to Members of the Congress, I ask that the complete stenotype record of the meeting be printed in the RECORD at this place as a part of my remarks.

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Is there objection?

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

TRANSCRIPT OF GENERAL MOTORS PRESS CONFERENCE IN DETROIT, OCTOBER 19, 1945

GENERAL MOTORS OFFICIALS ATTENDING

- C. L. Wilson, president.
 - Albert Bradley, executive vice president.
 - H. W. Anderson, vice president in charge of personnel staff.
 - Thomas P. Archer, vice president and general manager of Cadillac motor car division.
 - W. F. Armstrong, vice president in charge of manufacturing staff.
 - H. R. Boyer, Chevrolet motor division.
 - H. H. Curtice, vice president and general manager of Buick motor division.
 - Nicholas Dreystadt, vice president and general manager of Cadillac motor car division.
 - Paul Garrett, vice president and director of public relations.
 - L. C. Goad, vice president and general manager of B. O. P. assembly division.
 - John E. Johnson, head of Detroit public relations office.
 - C. F. Kettering, vice president, in charge of research laboratories division.
 - W. G. Lewellen, vice president in charge of distribution staff.
 - F. J. McLaughlin, Pontiac motor division.
 - Frank Pierce, vice president and director of employee cooperation staff.
 - S. E. Skinner, vice president and general manager of Oldsmobile division.
- Mr. GARRETT. We will come to order, men. This is going to be a business session, no speeches. We are going to try to answer every question.

Salted among you, or perhaps peppered among you, are some of our General Motors executives, that I assume you are going to throw some questions at a little later on.

Now, no doubt you men are going to throw up questions to our executives, and that is all right with us. It may be that some of

our executives will want to throw a few questions back.

Now, in the letter of invitation, it was made clear, but I would like to repeat, because it is very important, that you all bear in mind or realize that whatever is said here tonight is for the Sunday papers. This is going to be an "on the record" meeting; we would like, however, to observe the release date. A stenotype will be made of the remarks here tonight, and copies delivered to you in the morning.

Now we would like to show you a little picture of what has been going on in reconversion work in the various General Motors plants.

(Movie.)

Mr. GARRETT. I gather that some of you boys started this tour with quite a naive curiosity, to learn more about jigs and fixtures, and know-how, and now that you know, you don't give a damn, but I know all of you are serious in your desire to learn more of what is back of the mechanisms, and to learn something of the progress that is being made on reconversion, and something also of the problems connected with it.

We are very happy that we can now turn this meeting over to our president, Mr. Wilson.

Mr. WILSON. Mr. Garrett and gentlemen; I think the General Motors men here tonight are sufficiently familiar with all phases of the business and the problem that we face, that between us all we should be able to answer most any question that you men care to ask us. I know we will try.

The postwar problem of putting our country back at work had and has three or four important parts.

There was first the problem of terminating the war contracts with the Government, working out the financial settlements, and the financial settlements are necessarily tied up with the physical property, because it has to be audited and inventories taken and so forth.

The second was for us to reassemble the necessary productive equipment for peacetime production, and get our plants in physical shape.

The third thing was to get the people reorganized into peacetime jobs, as against wartime jobs.

Now, we have made good progress. If any of you are interested in details, there are men here tonight who can tell you about it. We have made good progress in the contract terminations with the Government, fortunately that was well worked out, and it has been the bright spot in the reconversion picture so far.

The second thing is the physical change in the properties. We have made good progress in that.

Following the close of the German War, not immediately, but in a relatively few weeks, the Government authorized the industry to reassemble equipment equivalent to approximately 50 percent of prewar capacity.

General Motors, as well as other concerns in the industry, were short certain key machines that had been used up in the war effort, or had been made available to others and sold. This equipment had to be obtained and put back in the lines. I think that 50-percent job is fairly well over with; that is, another 30 days or 60 days will see that amount of capacity established.

In the meantime, the job of getting people reconverted seems to have been a little bit more difficult perhaps than the country had foreseen. What you might call the wage-price policy or the economic policy of the country for peacetime had not been too well worked out, and has not been too well worked out to date. As a result, there has been an increasing amount of dissatisfaction on the part of labor unions representing the workmen, and as we have tried to start up our production lines,

I would like to remind you gentlemen, that there are thousands of pieces in an automobile, and until you have all the pieces at the right time and the right place, you do not have automobiles; so we have had a good bit of trouble trying to get started due to strikes on the part of some of our suppliers.

We have also had difficulty in reorganizing men for the peacetime job. Something for nothing has a great attraction for the average American, and this unemployment compensation seems to be quite attractive, too. I think we, in fairness, ought to recognize that a good many people have worked pretty hard during the war. I remember of saying to Mr. Sloan not long ago, that if all the men in General Motors could make half as much for not working as they could for working, I thought that he and I would be pretty lonely.

And for the average workman, this unemployment compensation, tax free, works out considerably more than half of what they make for working, so some of them are in no hurry to go back to work.

So the country does face a problem of getting back to productive work.

I think we sometimes forget that when somebody does get paid for not working, those who do work finally have to sacrifice some of the reward that otherwise should come to them to pay those who do not work.

Another real problem that the country faces, of course, is this one of continuing inflation. The fact that our country financed less than half of the cost of the war by taxes, and more than half of that by bonds, has produced this problem.

Actually, if it had been politically expedient to do so, we could have paid for the war as we went, because we had to live on what we had left over after the war effort. And nobody outside of our country supplied us with anything.

But we didn't do it that way, and to some people, the war seemed like prosperity, when actually war is a great calamity and a great hardship.

We did a remarkable thing in this country. We came very close to maintaining the standard of living of the people, and fight a Global War. No other country came anywhere near close to doing that, either in this war or in any past war. We were able to do it, because people previously not engaged in the labor force, went to work, because of the greatly lengthened hours of work.

Now, when the war is over, and we seem to be rushing to go back to the 40-hour week, a lot of people are in no hurry to go back to work. We do face the problem of having a satisfactory subsistence living for everybody, of having some of the luxuries that all Americans want by which we measure our standard of living, and at the same time paying for the continuing cost of the rehabilitation of veterans, supporting the men who are still overseas, trying to rehabilitate the rest of the world, or helping to do it, and keeping other peoples from stark starvation.

While that is the problem, we are either going to have to work more or we will have to do with less in our own country.

The technological improvements, the greater things we have done in this country in finding better ways to do all kinds of things, the results of that can be taken in one or two ways. They can be taken in a higher standard of living or they can be taken in more leisure time.

Now, realistically, the country faces working out a solution during this postwar period, which cannot immediately be prosperity; working out a solution of the wage-price problem that is reasonably fair to all Americans, and then get back at the job and go to work. Until we do that, none of us is going to be very happy.

Now, those of us from General Motors will do our very best to answer any questions any

of you care to ask us about the reconversion, about the labor problem, or anything else that you want to ask us.

Then if it is all right with you men, I would like to ask you some questions. I will leave it up to Mr. Garrett, who answers them. Maybe I will ask you newspaper people to sort of divide, and say whether you go with the speaker or not.

There are two or three I would like to ask you, at least, so we might as well start.

Question. Mr. Wilson, will you tell us exactly, assuming no serious strike interruptions, and assuming a satisfactory flow of materials, will you tell us exactly what the present picture and the future picture are of your lines of automobiles? How many Chevrolets you will make in a day when you finally get into production? How many Pontiacs, and so on?

Mr. WILSON. I expect that the men who are going to do this job had better answer; that is, Mr. Curtice. Let us try out the Buick business on him.

Of course, you have made an assumption that reaches out quite a ways, when you say no interference of any kind, no labor troubles, because that would be wonderful; but if you want the figures on that basis, I am sure that Mr. Curtice will try to give them to you.

Question. Well, do you think of a more reasonable basis?

Mr. WILSON. Well, you have to assume something. That is satisfactory to me, and that is the way it will be.

Mr. CURTICE. For the Buick division, I would like to say that we are in production. We are producing at the rate of about 100 per day. We will continue on that basis during the next week. At the end of that time we will be producing at the rate of about 200 a day.

Going into November, we have scheduled about 10,000 cars, an average of about 500 per day.

We will continue expanding production until we reach our postwar level of 1,800 cars per day, about March 1, 1946.

Mr. WILSON. Perhaps, you had better finish on this question; that is about the kind of a start that all of the divisions have, such as Mr. Dreystadt at Cadillac. He can tell you about how he has planned the Cadillac business.

Mr. DREYSTADT. We are planning to build over 5,000 this year. We will build 320 per day in March 1946. We are going to build 60,000 cars in the period of 1 year.

Mr. WILSON. That is 60,000 cars in the period of a year; that is, say, from October 1 to October 1.

Would you like to hear from the others? VOICES. Yes.

Mr. WILSON. Mr. Skinner?

Mr. SKINNER. At Oldsmobile, starting Monday morning will be at the rate of 100 a day, and plans made for 2,000 to 2,500 a month, double in November, double again in December, and up to the prewar rate of 1,300 a day on March 1, 1946.

Mr. WILSON. Mr. McLaughlin, can you give the figures for Pontiac?

Mr. KLINGER does not happen to be here tonight, and Mr. McLaughlin is pinch-hitting for him.

Mr. McLAUGHLIN. Pontiac today is running about the rate of 150 per day. We will reach our peak about the first of February. That is, based on the 1941 production.

We will double our October production in November, triple it in December.

Our 1941 average per month was something better than 30,000 per month, in 1941—and we will do that in February.

Question. What is that per day?

Mr. McLAUGHLIN. About 1,300.

Mr. WILSON. Mr. Boyer, can you give any figures for Chevrolet to these gentlemen?

Mr. BOYER. Well, in Chevrolet, it is necessary to take into consideration, truck production. Through September this year we

have built about 50,000 trucks—commercial and military trucks; roughly about 13,000 military and 38,000 civilian.

During September, Chevrolet produced something under 11,000 civilian trucks.

In October, we had a schedule of 9,591 passenger cars. As of Wednesday, we had actually completed something over 1,100.

We are a little slow getting into our October production, due to the various things that Mr. Wilson has told you. We are having trouble getting wiring harness. We have had to go out and place orders with suppliers other than those we counted on to get in production; we are having trouble getting universal joints. The Kelsey-Hayes wheel strike affected Chevrolet to a lesser extent than it did Ford, because we were able to tool around it.

Our passenger car schedule for October, as I have said, is 9,500; for November, it is 19,000; for December, it is 40,000; that is passenger cars.

Our truck schedule is 23,000 in October; 41,000 in November; 44,000 in December.

We will have built during 1945, a total of 238,960 cars and trucks, if we make the schedule. We think that while we are falling somewhat behind schedule now, that will be picked up surely by the end of the year, or possibly in January, when the balance of our 11 assembly plants come into operation.

We have two assembly plants, St. Louis and Kansas City, on car production now. We are rapidly getting into shape in Norwood, Ohio, our Cincinnati assembly plant, which was down for some 3 weeks and 5 days due to a strike. That is all ironed out, and we have been in truck production for the Navy as well as some civilian trucks there, throughout the war period.

Now, prewar Chevrolet was tooled up for some 6,000 cars and trucks per day. The postwar plan calls for increasing that approximately 50 percent, or 6,800 passenger cars and 2,300 trucks per day. That is figuring two 10-hour shifts, and on that basis, we expect to exceed a 2,000,000 car year, or at that rate, by October of 1946.

I think that about sums it up.

Mr. WILSON. I might say that as much as 2 years ago, and when we saw that our country was really measuring up to the war-production load, and that the danger of "too little and too late" was past, we called attention of the proper people in Washington that we were very much disorganized on any possibility of peace production; we stated that at some suitable time we had better start to plan for that, because it really takes about a year to get ready. It doesn't make any difference whether it is a new automobile, or whether it is a gun or an airplane.

Now, I have no quarrel with the decisions that were made. I was not in a position to judge them, but our Government, apparently with information from the military authorities, did not see where any material or men in any important way at all could be spared for the job.

So we are not as well prepared for this peace job as we would like to be.

I want to assure you men we have all been doing the very best we can. If we can get the materials and get the machine tools, we will produce more than these schedules, and have frankly told you that the schedules are right now.

I am also sure that when I tell you that these division managers cannot see more than 3 days to a week ahead, to where they have materials in balance to build any automobiles, that is also true. So we are not making the schedules that 3 or 4 months ago we laid out for October. This is due primarily to strikes, and the strikes in our suppliers' plants, and to the fact that materials we get are not exactly like the models.

We have to have identical parts made with tools. When a supplier's plant is on

strike, he has the tools, and you can't make new tools quickly.

Then we get into all kinds of trouble about prices for the parts, too. A new supplier wants a different price, and he gets tied up with the OPA. We have had plenty of trouble.

We are not complaining about it too much. We are trying to overcome it, but I want you men to know that it is real trouble.

Question. Mr. Wilson, is it correct that in Chevrolet, you are going to work two 10-hour shifts?

Mr. WILSON. What did you say, Mr. Boyer?

Mr. BOYER. I made a misstatement there, those are 8-hour shifts. We are figuring on 450 cars per hour.

Mr. WILSON. I would like to point out to you men one thing about this 40-hour week.

A lot of people seem to think that if you cut the week down from 48 or 45 hours, to 40, you employ more people. That isn't so in our business. We have only certain places a man can work, work stations, machine tools for him to work on, to use, or desks in an office. If he only works 5 days a week, the plant is just idle on Saturday.

There is no way to hire another 20 percent of people and have them come in on Saturday only.

Also, I would like to go on record with all of you that there will be more people employed in this country at good jobs, if we work more than 40 hours, than 30, there will be still fewer people employed. If we went to 20, we would all starve, and that is independent of how much you pay and how you juggle the money.

What was the question way over there, now?

Question. I wondered if in any conversations you have had in Washington, you have modified your statement on the 30-percent wage demand that you issued about a week or 10 days ago?

Mr. WILSON. No, sir. I don't care to particularly comment on my trip to Washington; that was an emergency, hurry-up trip, but I can say that nothing has happened since any statements we have made, to have us change in any way any of those statements.

Question. Mr. Wilson, what progress is being made in negotiations with the union on the wage question?

Mr. WILSON. I don't think very much, to be real frank with you. I would like to say this, that our contract with the union as far as working hours is concerned, is just the same now as it was before the war and during the war. We have not in any way reduced rates, hourly rates, anywhere.

We are working more than 40 hours and paying the premium where we are organized to do it. For instance, at our Diesel Electric, our locomotive plant at LaGrange, they are on a 48-hour schedule, yet they have demanded the 30-percent increase just the same.

This reconversion you men have seen in the picture, we are driving right ahead on that, because we want to get it over with.

Question. What is the obstacle in the way of progress in the negotiations, Mr. Wilson?

Mr. WILSON. We cannot raise wages without raising prices, and as we understand, our present country's stabilization laws, there is nothing for us to do but refuse any wage increases.

The OPA formula that has been given to us to figure our car prices presumes that the profit levels of '36 through '39 (I am talking about percentage profit) were normal and necessary in order to perpetuate this free enterprise and free competitive system of our country.

But they have specified the formula in such a way that to achieve that same position we have to increase our volume about 60 percent.

In other words, we have to do \$1,600,000,000 at that annual rate, to achieve the same

position we formerly achieved on a billion dollars. In addition, we have to restore prewar worker efficiency, individual efficiency of the men.

We also have to restore our prewar overheads. Many additional expenses have crept into the business during the war, both necessary and possibly unnecessary, for postwar. That is a very big problem, to get those expenses back out of there.

In addition, the new machinery and the new plants we build must be sufficiently efficient, or the technological improvement, if you want to put it that way, must be great enough so that the savings will be at least equal to the additional taxes and depreciation on that new equipment.

When you add those things all up, there is no margin at all for any wage increase, and we have so told the union. There is no provision in the OPA formula for granting any wage increases now, to be taken into account in recognized costs.

The idea that the industry can suddenly become much more efficient, and produce the same number of automobiles with 20 or 25 percent less man-hours of labor is a great fallacy.

As a matter of fact, the automobile industry was the most efficient industry in our country before the war. What happened during the war was that the automobile methods, know-how, if you please [laughter], was applied to the production of military items that had never been produced on a really efficient basis before; in addition, the same know-how was spread throughout our whole country in other industries, and in other places. Many people came to Detroit and learned how to have tools made, came to our plants. We all threw our plants open to everybody.

But on our side, we lost 4 years of progress at our business, so we are starting up now just right where we were in 1941 and 1942. We did not have time to do anything different. This question of technological progress, as you men must appreciate when you look at the things that are involved in it, is a question of time and a lot of hard, intelligent work.

Question. Mr. Wilson, in connection with this wage-price policy, as you called it, for the economic good of the country, what would you say should happen to wages and to prices?

Mr. GARRETT. I wonder if the gentleman would stand up and make the question a little louder?

Question. For the economic good of the Nation as you see it, in connection with your wage-price policy, what should happen to wages, and what should happen to prices?

Mr. WILSON. Well, I think I should give you a straight economic answer to that, and I do not know that it is the political answer. That is not my particular business.

What should happen is that until this aftermath of this war is over we ought to go back to about a 45- or 48-hour week. That is what the rest of the world is going to do. That is the only way that we will produce the volume of materials and goods and a sufficiently low price to satisfy the people of our country. I doubt, personally, if that is going to happen.

In my own memory, I remember the 60-hour week, 40 or 50 years ago. When I first ran a plant it was 50 hours.

People of our country work for three things, and I am talking total, of all producers.

They work for a subsistence living for everybody.

Second, they work for the additional luxury that all Americans like to have.

And, third, they work to support the Government and the extra expenses that are put on all the people.

Now, back when we worked 60 hours a week we did not have the fine tools and equipment that we have today, so men had

to work longer with inferior tools to accomplish as much. As technological improvements came along, engineering, the art of making things, we shortened the workweek, we took some of it in more leisure, we took some of it in an increasing standard of living, we had more fine things. Government expenses were not very great.

The First World War delayed the progress for a while. Then in the thirties we cut the workweek down too low to have a good standard of living for everybody.

Now, we face the aftermath of the war, with a great big expenditure for Government purposes, to help rehabilitate other countries in the world, to keep them from starving, to rehabilitate our own plants and equipment, and I am afraid that we are not going to have enough left over to establish the standard of living that the average American is expecting postwar, unless we all work a little harder, as apparently we are planning to do.

Question. Mr. Wilson, does your proposal include time and a half for over 40 hours, or is that a flat rate?

Mr. WILSON. From my broad way of looking at it, it doesn't make too much difference how you pay for it, providing you really work.

Question. Do you see any difficulty in industry as a whole expanding facilities to meet this pent-up war demand, to a point where we will be overexpanding the facilities? Do you recommend the 48-hour week or 45-hour week, as an alternative?

Mr. WILSON. Well, I have not been thinking of it in just that way. The facilities are not here, and perhaps industry as a whole does not have the money to expand the facilities suddenly. We cannot do it suddenly, anyhow. These Government plants, built for special purposes, and tooled for special purposes, cannot be turned on just like a faucet and produce automobiles or refrigerators or radios or any of the things that we would like to have. No, each one of these things has to be set up for a purpose.

Question. Perhaps I should say in our tour we have run into one plant after another that is planning multi-million-dollar expansions, and telling us that the demand throughout the country calls for this increased production.

Will that demand hold up?

Mr. WILSON. It will if the people of our country are willing to work for the things that they would like to have.

Question. Who in Washington must settle this, and do you expect Government intervention in any form before a strike is called?

Mr. WILSON. If you can tell me who is going to decide what is right for our country, and get it done, then you can answer for yourself. Whoever has that responsibility are the ones who should do it. I suppose it is a collective responsibility.

Personally, I am afraid that it is not going to be done in time. I do not know whether the problem is too well understood. I think we understand a little better after we run out of gas, or we cannot get up to 24 floors in an elevator, or maybe when the Consumers Power Co. shuts down in 2,200 communities in Michigan, maybe we will begin to understand it is something that we have to work out—to work at, to find the right answer. I doubt if it is going to be done in time.

Question. Do you think it is up to President Truman?

Mr. WILSON. You are a citizen the same as I.

Question. Well,—

Mr. WILSON. Well, let us see how many think it is up to the President?

How many think it is the President's job?

How many think it is Schwellenbach's job?

Do you think he has the cards to do it?

VOICES. No.

Mr. WILSON. Well, then, it had better not be his job.

How many think it is up to Congress?

Well, that is as good as I can do for you.

Question. Did you have your hand up? Did your hand go up with "Congress?"

Question. Mr. Wilson, do you say that your suggestion for a 48-hour work week might be the solution for the wage problem, providing sufficient take-home pay for labor?

Mr. WILSON. I think the real difficulty is that we have a law on the books that Congress passed for a 40-hour week. I think that labor will be fearful to change that, even temporarily, to meet the war emergency, or the aftermath of war, the reconversion problems. They will be afraid that labor will lose some gains. I doubt if it will be politically feasible right away to do that.

I know the other countries of the world are going to work more than 40 hours. The real question of a proper work week is the division of leisure time versus working time. Does the average man have sufficient leisure to enjoy the fruits of his labor, or would he like to work a little longer and have more to enjoy in his leisure time? That is the real problem. It is not how much you pay. Fundamentally, money is a medium of exchange.

Question. Mr. Wilson, do you favor the 48-hour week permanently, or just over the readjustment period?

Mr. WILSON. I would only favor it during the readjustment period, say 3 to 5 years. I hope by that time we won't have to feed too many people in other countries, ship too much steel across, and not have something to come back that we can enjoy and add to our standard of living. I hope it will be a two-way street before too long. During this time right now, when we have the tremendous continuing Government expenditures, the producers of the country carry the nonproducers on their backs. There is not any doubt about that.

Question. Mr. Wilson, did I misunderstand you a minute ago, or did you say it didn't make any difference whether you paid time and a half for over 40 hours, or not?

Mr. WILSON. It is the total pay for the week that we are talking about. The reason it does make a difference, is in the way people figure their costs and their labor agreements.

You get into an awful lot of trouble, if you try to guarantee 48 hours' work, because then you don't know whether somebody is going to have a strike in another plant, and you are not going to have material. You have a big argument about it when there is a 50-percent premium concentrated on that particular day's work.

If I were doing it, I would raise all the rates a certain percentage, 5 percent or 8 percent or whatever it takes, and say we only figure overtime after 45 hours, then the whole country would get back to the 45-hour basis. Anyone who worked 45 hours would make as much as he does now working 45 hours, and you wouldn't have the argument about the take-home pay, or whether the industrial worker was on right basis with the farmer.

I would just like to remind you gentlemen, that if you raise the rates 30 percent for industrial workers, and they work 40 hours a week, how does the farmer step up to that one? How does he suddenly get his cows to give 30 percent more milk? You have to talk to the bull about that for quite a long time.

Question. If you pay an 8-percent wage-rate increase, and pay overtime, after 45 hours, and work a 48-hour week, wouldn't that amount to about a 30-percent increase?

Mr. WILSON. Yes; but the country would have the production, from the added time, then the cost of goods would not have to be raised, and the whole country would have 20 percent more. That means that one person out of five or six, that is going to go without an automobile, would have one.

Question. Mr. Wilson, Government controls had to be used during the war, in order

to insure full war production. Do you consider this reconversion period enough of an emergency, to warrant the reinstatement of Government controls, dropped since VJ-day?

Mr. WILSON. I don't know of any that have been dropped, that I would recommend be reinstated. I do happen to belong to the group that think, until the aftermath of the war is reasonably cleaned up, and the ordinary laws of supply and demand can reasonably function, that some controls are necessary. That is just my own personal opinion.

How many do you think that? I would like to know. [About 20 hands.]

How many of you think that all controls should be dropped right now? [About five hands.]

How many of you think that the Government should always stay in business. [No hands.]

Question. Mr. Wilson, can we interpret this suggestion you made about raising wage rates and hours of work, as a counterproposal? Have you made that as a counterproposal to the unions?

Mr. WILSON. No; it has not been made as a counterproposal, because the laws of the land are in the way of it.

Question. Mr. Wilson, why haven't you given the press some information on your negotiations with the union?

Mr. WILSON. Maybe it is a little bit like inviting the neighbors in, and all your family relations. Once in awhile you have a little spat with the wife, and you have got other kinds of things going on, and you only invite the neighbors in and tell the world about it, when you get ready to have a divorce, see.

I don't know whether that is a very satisfactory explanation. But collective bargaining is supposed to be the business of the parties involved. When collective bargaining breaks down, and if it is important enough to be a national problem, of course, then you get conciliators, and you get congressional committees and you get panels. When it gets into that stage, we not only are willing, but will insist that it be a public matter. You men will have all the information you care to take an interest in.

Question. Mr. Wilson, I would like to get a little dollar-and-cents perspective on this: Could you tell me how much your pay rolls are running approximately per year, how much this increase would cost, and what your net was in that 1936-39 base, before taxes, and what it was during the war?

Mr. WILSON. Well, I don't know that I have all those figures. Mr. DuBrul may have some of them.

Question. I wanted to get a comparison.

Mr. WILSON. I think I can help you this way, if you want, roughly a third of our income is paid out in wages to General Motors employees, so that if postwar we get all of our facilities together, and we were able to do \$3,000,000,000 worth of business in a year, we would hope to do that with about a billion dollars worth of salaries and labor.

If you increase that 30 percent, that will be \$300,000,000. Three hundred million dollars would be 10 percent of your \$3,000,000,000 sales.

While we think of our own people first, we actually know of no good reason why they should have that preferred position, as against other workers in the country. We also know as a realistic matter, that they cannot put themselves in that position. The steel workers, the rubber workers, even you men will want you 30 percent.

Question. Mr. Wilson, may I ask a question for the benefit of some of your other guests, perhaps? What is this price formula, or are these price formulas given to you by the OPA, and I think that will explain to them a great many things.

Mr. WILSON. Well, it is a public document that all can read. It is a little hard to understand by a layman, but as I said a while ago, it attempts to fix prices on the basis of 1942,

and makes no allowance for any current increases in costs that might be granted to labor.

Incidentally, it does not allow you all of the expenses that you currently have, but only allows you to check your '42 prices back against your '41, on the basis of authorized War Labor Board increases directly applied, and authorized raw material prices.

When we apply that formula to our business, what we get is this, that to achieve the average profit margins of the base years, and incidentally, that is profit before taxes, and since those base years, taxes have much increased so the net to the stockholders is still going to be considerably less. We have to, then, first, restore our prewar efficiency, as far as the individual workman is concerned. He has to make the same number of pieces he did then if the equipment is the same.

Second, we have to restore our prewar overhead expenses. Now, many of the items of overhead expenses, what we call nonproductive supplies, and all the incidental things. A greatly expanded labor department for one thing. The expense of committeemen, collective bargaining in the plant, the foreman's time to talk to them, all those kinds of things add up, to more than they did prewar, and we have got to get that back by some improved way of doing things.

Then, in addition, we have to achieve as I say, more than 50-percent increase in volume, to get that same position. That is all efficient industry can undertake. We rather think it is more than we should be asked to undertake.

There is no margin over that for any additional labor adjustments now.

The OPA formula, and the President's change in policy, which from my point of view, was really no change at all, made on August 18, was that any concern was free to raise wages and salaries, if they would not use that increased cost as a reason for asking for increased prices, or if they would not use it to resist price reductions that otherwise should be made.

Actually, I think the people that have stepped out and raised wages and salaries, instead of lowering prices, if they had the margin to do it, have not been quite playing the game if we are going to stabilize and hold the line.

Question. Mr. Wilson, may I sort of answer my own question? One point that you did not cover has to do with profits.

There are two options. You can take the 1942 prices, or the ones built around 1941 prices, and the second option built around 1942 prices says you can take your average profits for those 4 years or you can take one-half of the average for the industry, and they fix one-half of the industry profit at 4.9 percent, which is completely cockeyed, I think.

Mr. WILSON. You mean it is too low when you say it is cockeyed, is that it?

Question. No; it is too high.

Mr. WILSON. 4.9 percent?

Question. There were only two companies making cars in those years that made as much as 4.9 percent, so your profits are going down and theirs are going up.

Mr. WILSON. Have you yourself ever tried to estimate what you are going to spend in a year, and get it within 4.9 percent? That is a very low margin of net profit on sales.

Question. It is higher than most of them have.

Mr. WILSON. This has been a very competitive industry, and the American people have gotten a tremendous value out of this automotive industry. I was talking to Mr. Kettering the other day, and he said:

"You know, business people are all wrong. All they put in the papers is how much profit they made and how many dollars of sales, and how much dividends they paid. They never tell the people what they did."

Now, General Motors has built 22,500,000 good automobiles for the American people,

and there is nothing else in this whole country that has the value in it as compared to an automobile. That is because of all the fine tooling and intelligent engineering that has gone into trying to make cars better every year, and it has been a truly American industry. It has been competitive and it has been trying to do something better every year for the American people.

Everybody squawks about 4.7 percent profit and they want to cut it down so none of us have enough money left to continue our progress.

Question. Mr. Wilson, I didn't get an answer to the second half of my question, about what the profits were in the 1936-39 period, and what they were in the war.

Mr. WILSON. \$181,000,000 in the base period, and \$174,000,000 in the war, average during the year.

Question. Before taxes?

Mr. WILSON. I don't know before taxes, because we can't count in our company until after the taxes are paid. This idea of before taxes is sort of a phoney.

Our stockholders all pay the tax the second time. They pay on what they get and it is only after taxes that we can put it into the till and use it for better machinery or better plants or pay our stockholders dividends.

Question. What did you report before taxes in '44?

Mr. WILSON. What did we report? Maybe you know, Albert. I can't remember. What was it? It is sort of an academic question, as far as we are concerned.

Question. I would like to know, No. 1, whether the various divisions of General Motors have filed their price schedules with OPA, and if so, what percentage increase is sought?

Mr. WILSON. We have not filed our price schedules with OPA, and in spite of the fact that we think our accounting boys are pretty good, we have not been able to get the facts to a point where we think they are accurate enough to do the job.

We cannot get our suppliers to go in black and white on what they are going to charge us. I can't blame them too much, because they are all threatened with a 30 percent wage increase and they don't know what to charge us.

We are doing a lot of thinking on it, and the men are working at it continually. You know a lot of people think this accounting business is a very exact science. But you really have to get down to brass tacks in this manufacturing business because there are a lot of things that when you are making a forecast, you don't know for sure whether they are going to happen.

Just like the question of whether the men are going to work as hard as they did prewar? They aren't to date.

Question. Mr. Wilson, was the industry consulted before the price formula was fixed?

Mr. WILSON. What would you say, Albert, the answer to that was? This is Mr. Bradley, who will answer this one. It is his end of the business.

Mr. BRADLEY. The representatives of OPA talked to us about this, that, and the other thing. Rather they wanted to know if we wanted to come to Washington to have them deliver a lecture on what their philosophy was, and we said we didn't like to discuss price matters in groups.

So they sent their top men out here to talk things over. They didn't indicate what they were going to do, and then they pinned on us this reconversion-price formula.

Question. Do you think that that is unjust?

Mr. BRADLEY. Mr. Wilson brought out those points.

Mr. WILSON. It is very tough.

Question. Have you done anything to try to change it?

Mr. BRADLEY. We haven't; no.

Mr. WILSON. No.

Mr. BRADLEY. We can't find out our prices because we can't get our costs from our suppliers. This thing is all frozen with this demand for the 30-percent increase on the part of ourselves and our suppliers.

Question. Mr. Wilson, isn't it true that you have more stockholders than you have employees, and that they should have some consideration?

Mr. WILSON. That is right. We do have more stockholders than employees, currently.

We had a few more employees at the peak in 1943 than we had stockholders, but during the first part of this year we had more stockholders than employees.

Question. What are the approximate figures on these, Mr. Wilson?

Mr. WILSON. Four hundred and twenty-six thousand stockholders, and the current number of employees I don't know. We expect to have around 375,000 to 400,000 employees postwar, when we get our full plans going. We had around 250,000 prewar.

Question. What are the approximate current figures?

Mr. WILSON. Mr. DuBrul has some figures, I think. Steve, what are they?

Mr. DuBRUL. As for this week, there are 162,000 factory employees working. It would have been considerably higher except for strikes, that is factory employees, and about 75,000 salaried employees.

Mr. WILSON. That is 235,000. Well, that is more than we had in many prewar years, and it is probably about the average for the period of '36 to '39.

Question. Mr. Wilson, is your estimate of postwar employment based on the expectation that there will be a solution of the wage price problem?

Mr. WILSON. The question is, is my estimate of postwar employment based on my expectation that there will be a solution of the wage-price problem—a fair solution. It is based on that. There is no other assumption that you can go ahead on, you know, in good faith, and with intelligence. I certainly am not going to write off this country just yet.

Question. Mr. Wilson, in the event that labor does get its increase, 15 percent, 20 percent, 25 percent, or 30 percent, and there is not a satisfactory increase in price, will General Motors close down, or what will it do?

Mr. WILSON. Well, of course, it would gradually run out of soap and close down, or it could do it ahead of time. We have actually had suppliers now that said, "No, we won't take the business." The Government is having the textile manufacturers now, who are being asked to make the cheaper grades of textiles at a very low price, say, "No, we will shut down."

I hope personally that I will never have to answer that one. I do not know of any reason why the corporation and the stockholders should be put in such a position. We did a good job during the war, we did not make big profits out of the war, we made less than we did prewar. That is on twice the volume of business and understood an awful lot of work, wore out our plants and machinery. I do not know why anyone would want to treat us that way.

Question. But you said that you did not see much chance of getting the price-wage solution—the thing that we are up against now.

Mr. WILSON. We have already made the decision. The answer is "No."

Question. Mr. Wilson, is General Motors planning an expansion program, or are they going to build new plants, and if so, where?

Mr. WILSON. Well, we are going to build one assembly plant in the Boston area. We are building one near Wilmington, in Delaware. We are going to build one at Atlanta. We are leasing a plant from the Government where the North American Co. used to make airplanes during the war. We are going to run that.

Question. Which city?

Mr. WILSON. Kansas City. We are going to build a new plant somewhere in the Los Angeles district. We are starting excavations to build a big pressed metal plant at Hamilton, Ohio.

We are going to build a hardware plant at Columbus, Ohio. We are going to build a plant at Sandusky to expand our capacity, to make ball bearings. We are going to put one in at Elyria, Ohio, and a storage battery plant at Brunswick, N. J.

I don't know how many more chambers of commerce are going to call me up Monday on account of what you men may say. [Laughter.]

Question. Mr. Wilson, how about the assembly plant in Flint?

Mr. WILSON. Well, that is a new plant, too, a new assembly plant in Flint. Mr. Boyer, you can tell about that.

Mr. BOYER. The contract has been let on the Flint assembly plant. It is a \$10,000,000 proposition, about 800,000 square feet, for roughly 50 cars now.

This contractor's schedule calls for completion of that building some time in the latter part of July.

There is also one that Mr. Wilson mentioned, the Chevrolet assembly plant in the Los Angeles area. The parts building, the excavation is already started, that is out north of Los Angeles, about in the Van Nuys district, about 20 miles north of the metropolitan center. There is about an 800,000 square foot assembly plant going there.

We are also rehabilitating the other seven-or-eight-odd assembly plants, and the total Chevrolet expenditure, appropriations, total about \$108,000,000 to date; and that is just the Chevrolet alone.

Question. Mr. Wilson, I do not like to keep asking high financial questions, but have you any executive here who would know what the present dividend rate is and what it was before the war?

Mr. WILSON. Sure. [Laughter.]

It is \$3 per year, 75 cents a quarter.

Question. Mr. Wilson—

Mr. WILSON. I think I had better finish the answer. During the war years, up until this last year, it was \$2. Prewar—what was it, in 1941, Albert?

A VOICE. \$3.75. He must know what that is.

Mr. WILSON. He probably does. If you are a financial man, you should. What paper are you for, or do you represent?

Question. I am with the Christian Science Monitor, the financial department.

Mr. WILSON. Well, it is all a matter of record. The dividends paid to the stockholders and the earnings made by the company during the war years, were less than in the prewar years, by a substantial amount. That was in spite of the fact that we did more than twice as much business.

Question. Mr. Wilson, this gentleman mentioned a \$108,000,000 Chevrolet expansion program. Could you give the over-all figure for General Motors?

Mr. WILSON. I cannot, because it changes every day, and we are having some trouble to get the work done for the estimates that we had previously made. It is looking a little tougher all the time. It is all so mixed up in the figures, as I see, between the reconversion expense, and the additional tooling that goes on the new equipment. In other words, if you just wanted to separate off the capital expenditures that are permanent additions, I can hardly do that for you.

Question. Mr. Wilson, didn't this movie picture say a total of \$600,000,000?

Mr. WILSON. Well, that is about it; I hope we can do it for that; that is about all that we have got.

Question. Does that include reconversion and expansion?

Mr. WILSON. Yes.

Question. Mr. Wilson, will you qualify the statement that you made a little earlier, to

the effect that you did not think this wage-price problem will be solved in time?

Mr. WILSON. To avoid serious strikes. I do not; I am afraid it cannot be.

Question. Mr. Wilson, I would like to ask, due to the fact that at the present time it is impossible to arrive at proper costs and also due to the fact that the union claims that General Motors during this postwar period is going to make tremendous profits, would General Motors favor an insulating period, say for 6 months, at the end of which they can arrive at profit-and-loss figures, and if these profits were evident, have a retroactive wage increase?

Mr. WILSON. I would like to ask you a few questions, if you don't mind, before I answer that one. [Laughter.]

No. 1 is this: After General Motors pays what you might call a going rate for work, and rates that are higher considerably than the average of all American industry, do you think the profits that we make should have anything to do with the wages we pay?

Question. Possibly.

Mr. WILSON. Well, do you think they should importantly have anything to do with the wages that we pay?

Question. Well, it should not be based on that, no.

Mr. WILSON. How many of you think that it does have, should have, important weight on the wages we pay?

Get the question: After we pay the going wages in all communities—and those wages are much higher than the average of American industry for the equivalent work—do you think the profits that we make should have anything to do with additional wages?

How many of you think they should?

How many of you think they should not?

Now, that is one of the controversies that is going on.

I would like to ask you another one, if you don't mind.

Question. Wait a minute.

Mr. WILSON. I want to ask you a good one now.

Question. Well, let me revise the first one a bit.

Mr. WILSON. You wait until I ask you this question, and you will probably revise a little bit more. [Laughter.]

Do you think that we should pay importantly higher wages than our competitors, when we deliver just as good or better cars for the same price, just because we make more money?

Question. No.

Mr. WILSON. Do you think we should pay higher wages than our suppliers pay for the same kind of work, in similar communities—the steel industry, the rubber industry, the Kelsey-Hayes Co. the parts suppliers? Do you think we should pay higher wages on any kind of a profit formula?

Question. Yes.

Mr. WILSON. Do you think we ought to pay higher wages than our suppliers?

Question. Providing the profits warrant. I think it benefits General Motors to do that. It has in the past.

Mr. WILSON. This simply is something that I am talking about being for the things to do. How many of you think that we should be forced to pay higher wages than our suppliers, or than our competitors, just because we happen to be better? How many of you think that we should?

How many of you think that we should not?

Question. Mr. Wilson, just for a change, could I ask you a question? [Laughter.]

Mr. WILSON. I want to get this man's question next.

Question. Well, you kind of jumped around my point there, and you put me on the defensive on that. In the first place my idea was not forcing the corporation to do it. The idea is that General Motors is faced with a demand on the part of this labor

force. General Motors maintain that the profits are not there, at least it cannot see the profits, and this labor force maintains that they are.

Now, my point was, would General Motors favor a period during which proper costs could be set up, and they could show that they are or not, then.

Mr. WILSON. Well, of course, that is what we hoped would happen, that is the normal kind of a thing. But actually, we had the gun put to us awfully quick. Like I said, when the guns were still smoking, when we were still hearing the echoes of the atomic bomb, we got 30 percent. And we are not ready to go after some months, we have to face considerable losses, after all, that is in our business, we have to take it.

This aftermath of war cannot immediately mean prosperity for everybody all over the world, you know. I mean, it just cannot be.

And the union boys are a little hard to argue with. I have not tried it just lately. I have had plenty of experience. You can get one plan blocked out, that seems to be going a long ways for them, and then here they are over here.

They argued with us, "Take it out of the profits that you made during the war."

Well, we didn't make very big profits during the war.

They say to take it out of your excess profits that you paid in taxes, and then get a refund from the Government.

Well, that money has been spent; that helped to kick our enemies. Where is that money going to come from?

There are some laws on the books of the country that were put on there to take care of hardship cases, certain kinds of manufacturers, that had very tough reconversion problems, and all that kind of thing—small business, mostly. General Motors has not asked for a handout yet, and we do not hardly think we should start, because if we are entitled to it, then certainly all the rest of the country is, too.

But the idea that you can take wartime volume and profits, when 85 percent of the profits, over a certain base were paid to the Government, and say, "We are going to take that away, because it is going to be paid to the Government anyhow, and we ought to pay it to the workmen." No one has come up with the answer where the Government is going to get the taxes. The Government has to get the taxes, and if you gave it to the workmen, then it is going to have to tax the workmen. It is easier and cheaper to get it from us, because it is in one place. And another thing, it would not make votes. A corporation does not vote. That is one of the troubles.

But it simply is their idea that we should make a gamble on the future and pay excess wages now, on the assumption that a year from now, when we have all these new plants that I am talking about, that we hope to have in operation by a year from now, and we get over this problem of reestablishing the worker efficiency, get our overheads down to where they ought to be, the idea that then we are going to make a lot of money, and that therefore, we should pay the excess wages, now, is more of a gamble than we think that we ought to be asked to take. None of you men would do it in your private business.

Question. Well, you pulled a Walter Reuther on me, though, in that question, Mr. Wilson.

Mr. WILSON. I humbly beg your pardon. [Laughter.]

Question (continuing). When you said that, you said first, should General Motors pay more than the average suppliers, and then in the voting, you said, "Should they be forced to?"

Now, I did not mean by any stretch of the imagination, that they should be forced to.

It has been corporation policy, as I understand it, to pay higher wages than the suppliers in even the same area.

Mr. WILSON. We expect to continue that policy, too, and perhaps we would go a little further with it if it were a really free market, a free labor market.

Historically, the industry got along very well by paying good wages and attracting the ablest people to it. We are not in that position, quite, any more; and also, one of the union demands is for industry-wide wages, not only by corporations, but for all communities; so we cannot go quite as far with that one as perhaps we would like to.

Historically, what we have done, with our technological improvements, which is the better way of doing things, accomplishing the same result with less man-hours of labor, of human effort, we have shared with our customers and our employees. The stockholder has gotten a return for the capital that he has in the business. If you do not give it to the customer, you do not expand the volume, and you do not create the jobs. You do not raise the standard of living of our country.

We are not for fewer things for fewer people, you know; we are for more and better things for more people.

Question. Mr. Snyder has referred to 23-percent increase in the cost of living of the workers. Now, if your production standards, efficiency, were maintained as before the war, and your volume were as good as you expect to be after the war, all things being equal, could you grant the workers a 23-percent wage increase and stay in business?

Mr. WILSON. You mean at the same prices?

Question. Yes.

Mr. WILSON. No; we could not.

Question. Mr. Wilson, as soon as that consumer demand spends itself, do you see any signs of depression in the offing?

Mr. WILSON. I would like to make sure that I got that question correctly. Was that for our employees only, or all the workers—if all workers in allied industry get the same 23 percent.

You see, we want that to be understood by everybody that we cannot artificially raise the compensation level of our employees, importantly, above the compensation of our suppliers, if we do not get any suppliers.

Question. I am assuming that all labor contributes to your product.

Mr. WILSON. Then my answer is correct.

Question. Now, my question is, if and when consumer demands spend themselves, do you see a depression in the offing?

Mr. WILSON. That all depends on two things, in my opinion. That is sound policies, as affecting business, and finance. That is, is the country going to go on some kind of a wild speculation or gambling spree; are they going to contract debts that they have no reasonable chance of paying? That is No. 1.

Are we going to keep it on a sound and sensible basis, and have a free economy, or are we going to have too many sections of it that are controlled in one way or another?

That is the first answer we have to have in the country.

The second is, Are the people of our country willing to work for the things they would like to have? Now, you can answer those two, and then you can answer the question.

If we are going to have a free competitive economy, improve it where we have seen its mistakes of the past; if the people of our country are willing to work for the things that they would like to have, as they have in the past, then we should have a marvelous country and a marvelous standard of living.

Question. I would like to find out if the group is ready to hear your questions. I would like to ask a very simple question.

Mr. WILSON. All right.

Question. Has your conference with the President today been satisfactory?

Mr. WILSON. Yes, sir. I am sort of a modest fellow and I don't expect too much.

Question. I have a simple question, Mr. Wilson. All these divisions have reported their divisions are in production, and these cars are accumulating. You have no price formula to sell them. I assume you are not going to keep them, you are going to send them out to the dealers. How are you going to sell them without a price program, without a price being set?

Mr. WILSON. You say they are accumulating. Those figures didn't sound like much accumulation to me.

Question. Well, they will, if they don't get them out and get them into the hands of the users.

Mr. WILSON. I will tell you what we are going to do. We are going to ship them to our dealers like we have in the past years, before we announced the new prices.

We usually got enough cars in the hands of dealers so that everybody was ready to do business before we said, "That is the price." We are hoping that by the time we get the cars in that shape, that we will have this problem solved. It is either going to be solved, or our plants are all going to be shut down completely and we don't have any cars accumulating, so one of the two is going to happen.

Question. Mr. Wilson, I would like to ask a question on the technological improvements. You have referred to the Hydramatic, the General Motors Hydramatic. Does that mean—and when will it be in the Chevrolet?

Mr. WILSON. Well, I don't know, the chief engineer of Chevrolet is here tonight. I don't know whether Mr. Boyer would like to tackle that one or not.

Mr. BOYER. General Patton opened his mouth once too often. I think I have talked enough for the evening. Frankly, I don't know.

Mr. WILSON. I would like to remind you men that we could not do the normal amount of development during the war, so the first thing we had to do here now, was everybody concentrate on getting the drawings cleared up on the thing we had to put into production now.

Then the thing is, ordinarily our models are settled a year ahead of time, so having gotten the drawings in shape and built the first cars and found out everything is all right, we now have to settle right now what we are going to build for 1947. Then we are going to have to go ahead with our engineering and see what kind of a car we can make that is better, that will please you folks more, for 1948.

So you ask a question, it is such a development thing, that it cannot be scheduled at this time. None of us know when we are going to have them.

Question. Will it eventually be in the Chevrolet?

Mr. WILSON. I would think so, on this simple formula, that anything that is good in the industry, has gone all through it.

Question. Mr. Wilson, you have had a lot of experience with labor in Detroit in the last 10 or 15 years. Do you think that the labor relations are improving or deteriorating, and what do you think is happening? Are they getting any better?

Are you making any headway, or are you falling back?

Mr. WILSON. What do you think, Harry, would you like to answer that one?

Mr. ANDERSON. I didn't quite hear the question.

Mr. WILSON. The question is: What would we say about the over-all labor relations, particularly in Detroit, Mich., in this area, have they been improving through the years, or are they deteriorating?

Mr. ANDERSON. I am assuming that he is talking about everybody, not General Motors, is that correct?

Question. The Detroit manufacturers, automobile manufacturers.

Mr. WILSON. Well—

Mr. ANDERSON. I think that the question as asked, I will try to answer this way:

I think that the question of responsibility of the unions is being brought more to the forefront, and that is raising a pretty serious question in the industry generally.

On the whole, I really feel that they are getting a little better than they were back in the early days.

Mr. WILSON. They got an awful bad start with the sit-down strikes. Of course, since the time when the highest court in the land said that that is not a legal thing to do, it has not been so bad, but it did get the thing started on a very bad basis.

The men sort of captured the plants, and a few of them that don't think very straight, thought the plants were theirs, and have acted like the plants were theirs ever since, and that has always been the problem.

Question. Mr. Wilson, are you optimistic?

Mr. WILSON. I might add that according to some labor statistics that were given Mr. Anderson, that the industry as a whole, considering the number of people employed, and the number of people employed in General Motors, had 14 times as many hours of labor stoppage as we did in the corporation.

That is the one reason we are not so hot about being picked out first for the labor blockade. We don't think it was coming to us.

Question. Has General Motors given your final answer on this wage increase, and what is your real position on it?

Mr. WILSON. Our real position on it, and the answer has been given, is that there is no increase that we can or will give at this time, under the present wage-price formulas of the country as we understand them.

If they are changed, we will talk about another set of conditions. If they are not changed, I suppose we will have a strike, unless the men get sensible about it, and say, "Well, now, the corporation is in the middle, is in the hole, and we are too, and we will try it for a while, and wait until we can straighten the thing out, or something happens that is more favorable all around."

Mind you, we are going to work longer hours, and this take-home pay is going to get settled. The take-home pay of the people who are now working is not too bad. Paying those who are working more money would not help those who aren't working, or don't want to work.

Question. Mr. Wilson, out of your experience in the last few years, have you any recommendations to make for improving labor relations generally?

Mr. WILSON. Well, we make them every day. That is Mr. Anderson's job, primarily, and he has got a bunch of able people at it. We do not think our record would be 14 times better than the average of the industry if we had not been working at it.

I do think that we all ought to recognize that this is sort of an experiment for the country, this question of collective bargaining. These tremendous big international unions do have the monopoly power if they want to use it, and abuse it. Perhaps what is the proper common-law approach in the equities and rights of the general public, as well as the principles, is something that we will have to work out with a lot of sweat and a lot of intelligent analysis.

Question. Are you optimistic about the future of a unionized automobile industry?

Mr. WILSON. Well, I think "optimistic" is not necessarily quite the word. I think I should say I am not too discouraged about it.

Unions have a weakness that is fundamentally to the disadvantage of the people of the country, that I have often thought was very definitely a carry-over from almost ancient times in the guilds, where a small

percentage of craftsmen, by restriction of apprentice and activities, placed the value of their services much higher than they might have been in a free competitive society.

When vertical unions take in Chevrolet salesmen, stenographers and truck drivers and teamsters, and when the whole country goes in for one like that you are really trying to raise yourselves by your bootstraps.

In other words, the so-called feather-bedding, the more-pay-for-less-work principle, is not sound. That is contrary to the technological advance. You can have enough feather-bedding to counteract the best brains on the technological side, so the country doesn't gain very fast.

Question. What about incentive wages?

Mr. WILSON. The unions are mostly very strongly against incentive wages, just for that purpose. They have a name that they give a man that is willing to exert himself in a plant. They call him a meat-hound.

Now, unfortunately, the meat hounds built America, you see, so if you starve too many meat hounds, I think it is going to be bad for the country. That is just my own opinion.

Question. Mr. Wilson, on the air Secretary of Labor Schwollenbach made the statement that unfortunately he had found a considerable number of employers who did not want full employment. Have you seen any disposition on the part of employers to fight full employment?

Mr. WILSON. I have never run across such a man. With due reference to the Secretary, that sounds a little political to me.

Any man, you know, that understands this industry business knows that his business and the whole country's business is going to be better when everybody has a job. We will have it in this country if we don't have too much interference with the freedom of individuals and free competition, and if you go the other way, personally, I don't see any halfway mark, that you can have the country half collectivist and half free.

Question. Thank you very much, Mr. Wilson.

TACTICS FOR 30 PERCENT PAY RAISE— UAW-CIO EXECUTIVE BOARD RESOLUTIONS

Mr. WILSON. I also ask unanimous consent to have printed in the RECORD at this place as a part of my remarks a copy of the UAW-CIO executive board resolutions entitled "Tactics for 30 Percent Pay Raise." The resolutions were adopted by the executive board of the UAW-CIO, as appears in the October 1945 issue of a publication entitled "Ammunition," which is an official publication of the education department, International Union, United Automobile, Aircraft, and Agricultural Implement Workers of America, of which publication R. J. Thomas is president, Richard Frankenstein is vice president, and Walter P. Reuther is vice president.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

UAW-CIO EXECUTIVE BOARD RESOLUTIONS— TACTICS FOR 30-PERCENT PAY RAISE

1. Management to be asked for industry-wide negotiations for pay increases amounting to 30 percent of the pay roll, part to be used for correction of inequalities, part for insurance for our members, and most of it for an across-the-board raise in cents per hour.

2. If industry-wide negotiations are refused, one major automobile manufacturing corporation to be chosen for a test. If negotiations fail that corporation will be struck nationally at the most opportune time.

3. During the test period, all of that corporation's competitors will have the oppor-

tunity to capture the market from the struck corporation.

4. There shall be no strikes in the effort to raise wages outside the test corporation, if such strikes shall in any way tie up the automobile manufacturing competitors of that corporation.

5. Negotiations with other companies may lead to offers of less than 30 percent. These can be accepted only if they contain a stipulation that in the event more is obtained on the national level, negotiations can be reopened. (This has already been done in Studebaker.)

6. The International Union will take aggressive action against strikes which endanger in any way the success of the outlined program.

7. Strike action shall conform to the Smith-Connally Act and international constitution procedure.

DISCONTINUANCE OF LAND-GRANT RAILROAD RATES—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 694) to amend section 321, title III, part II, Transportation Act of 1940, with respect to the movement of Government traffic.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LANGER. Mr. President, I rise to speak in opposition to the conference report on House bill 694. At the time the bill was before the Senate I was informed by the Senator from Mississippi [Mr. BILBO], and notice appeared in the press, that he intended to speak on the bill for several days.

On October 3, while the distinguished Senator from Mississippi was speaking on the bill, I obtained unanimous consent of the Senate to go to my home State of North Dakota with the Surplus Property Administrator, so that the people of North Dakota, particularly the mayors in the various cities, the county commissioners, the heads of the water systems, and farmers would be able to secure some of the surplus left as a result of World War II. Before I left I told the distinguished Senator from Mississippi that I expected to return on Monday so that I might take part in the debate.

On Saturday, the day after I left, the distinguished Senator from Arizona [Mr. McFARLAND] offered an amendment. That evening in the newspapers of North Dakota I discovered that the bill had been passed. Therefore upon my return I served notice that when the conference report came before the Senate I would speak in opposition to it, futile though my opposition might be at that particular time.

Mr. President, I feel that by the passage of the bill the common people are being robbed of hundreds of millions of dollars. I consider this bill more of a steal than Teapot Dome, even if it had been carried out to its full extent.

First of all, I wish to read what the distinguished Senator from Mississippi said when he opened the debate in opposition to the bill. He said:

Mr. BILBO. Mr. President, unless one were a daily reader of the CONGRESSIONAL RECORD he would not have known anything about the facts in connection with the bill under consideration, because from the beginning

the press and radio of the country have been almost absolutely silent in the treatment of publicity with respect to the proposed legislation. In other words, the people of the country do not know the facts and the meaning of the proposed legislation. Even Members of the Senate and Members of the House, unless they are members of the committees which dealt with the proposals know very little about it.

I asked one of the outstanding Members of the House, after the bill had passed, "What do you mean by letting a bill of this character get by the House without your opposition?" He said, "I never heard of it. I know nothing about it."

Mr. President, what must the people of America think about legislation which is passed in that manner?

The distinguished senior Senator from Mississippi continued, as follows:

In order that the people of the country may know what is behind the bill, what is in the bill, and what it is all about, it is necessary that the history of the whole subject be reviewed on the floor of the Senate.

Then he said:

There has been a very large lobby in Washington in connection with this proposal. Of course, the public knew nothing about the lobby. There was no way to tell anything about it, because a lobbyist who is worth his salt does not announce his goings and comings, but quietly does his work.

Mr. President, I say that if there ever was a lobby interested in securing the passage of a measure, it was the lobby which was interested in securing the passage of House bill 694.

The distinguished senior Senator from Mississippi continued his statement, as follows:

I remember that last December, when the bill was reached on the call of the calendar and an effort was made to pass it, I interposed objection and announced that I was willing to filibuster for 30 days rather than see it passed. That evening after I reached my office a railroad lawyer, representing one of the largest railroad systems in the country, came to my office about 6 o'clock in the evening and said he wanted to talk with me confidentially. I said, "Very well." He said, "I understand that you have threatened to filibuster against the bill for 30 days rather than see it pass." I said "Yes; I made that statement." He said "I want to know if you meant it." I said "Yes; I meant it." He said, "You would not reconsider?" I said "No." He said "If you are going to take that position, I am going home tomorrow. I have been here for several months trying to have this legislation passed, but if you are going to filibuster until the close of the Seventy-eighth Congress, it is not necessary for me to stay any longer."

I said, "Very well. I am afraid the people of the country and many Members of Congress have not appreciated the magnitude of this piece of legislation; they have not stopped to analyze it and see what it involves."

Then, Mr. President, the distinguished senior Senator from Mississippi continued his statement. It shows the magnitude of what has been put over and what will be put over upon the common people of America if this conference report is adopted:

There are, in the 48 States of the Union 1,934,051,921 acres of land, including water acreage. The railroad promoters between 1850 and 1871 obtained tremendously large grants of land. Let me say that in many cases the men who then came to Congress and to the State legislatures and secured the large donations of land wire not the

builders of the railroads. They were the smooth, manipulating operators who secured the grants and then passed them on, for their share in the deal, to someone who would build the railroads. They were merely slick operators, if you please. They were able to persuade the Congress of the United States and some of the States of the Union to grant, donate, give, and patent for them, for the purpose of building railroads, a total amount of 1,179,284,978 acres of Government land—enough land to make 14 States of the American Union. The grant was just that large. As proof of that fact I shall read the names of 14 States of the Union which could have been created within the area of gifts of land made by the Government to the railroads which are involved in the pending bill.

Mark you this, Mr. President:

Sufficient land was donated to the railroad promoters in this country in the 20-year period between 1850 and 1870 to make up the States of Rhode Island, Delaware, Connecticut, New Jersey, Massachusetts, New Hampshire, Vermont, Maryland, West Virginia, South Carolina, Maine, Kentucky, Virginia, and New York. The transfer was just that big. Congress and the State legislatures gave to the railroad promoters, I repeat, all that was Government land. Whose land was it, Mr. President? It was the people's land, the taxpayers' land. The railroads thus received land equal in extent to the area of 14 States of the American Union, as composed today. To be exact, the 14 States I have mentioned have a total acreage of 174,770,000 acres, and the railroads received 4,507,978 additional acres. In other words, the railroads received an amount of land equivalent to the area of 14 of our States and several million acres in addition. That gives some idea of how large the grant was.

What was the consideration? For what reason did the railroads plead with the Congress and the State legislatures to grant them all that public land, land which belonged to the Government and the States, land which had been or would have been used for homesteaders as the Nation grew in population? Of course, the excuse was that the land was given to the promoters to project and construct railroads in undeveloped sections of our great Republic.

Mr. President, I come from the great Northwest. Conditions in that area are in very many respects similar to those in the entire western section of the United States. The people, particularly the farmers of that area, have been robbed, looted, cheated, hornswoggled, fooled, and lied to by the big railroad interests of the United States, until the average man there must wonder whether the people of this country own the Government or whether it is owned by the railroads, the oil interests, and the other big monopolies that have been running the affairs of this country for a long, long time. All of us are familiar with the great control of the lumber interests in the West, and all of us know what has happened to the big mining interests of America.

Mr. President, it happens that I do not come from a State which is controlled by a great political machine. I am responsible only to the common people of my State who elected me. Any day that I cannot stand upon this floor and represent them, I shall, under my own conscience, walk out of this Chamber, rather than stand here representing the big monopolies and the big interests that have robbed the common people of this country for years and years and years and, in my judgment, are rob-

bing them by the enactment of this measure.

My grandfather went to the State of North Dakota away back in 1877, at the very time when the Northern Pacific Railroad was being built in North Dakota. He was there when the transcontinental lines were built. He and my father were there when former President Ulysses S. Grant came to Bismarck, N. Dak., to help dedicate the old capitol. My father was a member of the first Legislature of North Dakota, and he knew intimately how the railroads there were operating, how they controlled the legislature. Time and again he told me how it was owned and dominated by the railroads, through the issuance of free railroad passes, until finally a law was passed which made it a crime for any public official to accept such a pass or even to use one to attend a political convention.

Until 1916, through Alec McKenzie and his gang—at one time Alec McKenzie was a receiver of the Northern Pacific Railroad—our State was at the mercy of this bunch of brigands, robbers, crooks, and thieves. When I became attorney general, Mr. President, I moved to raise the taxes of the railroads 300 percent. That caused a lawsuit, as a result of which the people of the State finally achieved something approximating an even break in at least making the railroads pay their just share of taxes.

When the railroads were built through the West, Mr. President, as the majority report said, they received land grants involving 130,000,000 acres of land for the construction of approximately 21,500 miles of railroad. Think of it. For building 21,500 miles of railroad they received a gift of 130,000,000 acres of land. Do you think, Mr. President, I would stand upon this floor and ever vote for a bill or a conference report which would legalize that kind of thing in the United States of America? Most of this land was located in the western part of the United States, although some of it was in the South.

Most of the land-grant acts contained provisions requiring certain specified concessions to the Government for transportation services performed by the railroads on behalf of the Government. It was provided that the railroads operating on the lands so granted would be available at all times to the Government for the transportation of its troops or property free of any toll or charge. But the railroads were not even satisfied with that. They were helped out by the Supreme Court in 1887, when the Court held that the act contemplated merely the free use of the railroad tracks by the Government for the movement of engines and cars operated by it or at its expense. So the people did not get what they thought they were getting when they granted the land, because the Court determined that the right of the Government to the free use of the tracks was worth only 50 percent of the full transportation charge made by the railroads against ordinary shipments. As a result of subsequent legislation that 50-percent base or charge was made applicable to all railroads which were subject to land-grant deductions.

Mr. President, let us place the matter on a plane where we can see it and the smallest farmer can understand it. A railroad was about to be constructed. I am now referring to the Northern Pacific Railroad in North Dakota. The usual land grant—and that is what the Northern Pacific received—was in blocks of 6,400 acres, consisting of alternate sections on each side of the road extending back for 10 miles. So in return for building the railroad the Government gave to the railroad free 6,400 acres or land, or 10 sections for every mile of railroad that was built.

But that was not all, Mr. President. The railroads laid out the towns on the sections which they owned, and sold lots. Cities grew up over night. The railroads controlled those little townsites through subsidiary corporations so that the railroads did not receive the money, but friends of the men who controlled the railroads received it. The result was that those men piled up hundreds of thousands and millions of dollars in addition to what they had already received.

Mr. President, what was that land worth? Land located miles away from a railroad was worth little, but the nearer the railroad came to land the more valuable the land became. When a railroad was built within 10 miles of it a tract of land was worth \$20, \$25, \$30, and \$40 an acre. Away back in 1880, depending on how close the railroad had been built to the towns laid out along its right-of-way, the price of the land varied as I have stated. Homesteaders, for example, who filed on the alternate sections not owned by the railroads had to live on the land for a specific length of time, and when they proved up they had to pay from \$1.25 to \$2.50 an acre for their land, depending on how long they had lived on it. Some of those homesteads were promptly sold. Some were sold before the titles had been legally established; some of the land was sold for as much as \$30 an acre. I know the truth of my statement because it was in that vast area of the West that I was born and reared.

But that is not all the story, Mr. President. The officials of the railroads got together and by favoring themselves, their relatives and friends, they made money. Take, for example, the Northern Pacific Railroad Co. It sold land at 60 cents, 75 cents, or \$1 an acre to corporations which it owned or which were controlled by it. In turn, those corporations sold the land at \$10, \$20, \$30, \$40, and \$45 an acre to farmers who came into the Northwest to establish homes. Mr. President, if any Senator doubts the truth of my statement, I may say that I have with me copies of some of the contracts which were entered into between the Northwest Improvement Co., or one of its subsidiary corporations, and farmers who bought land 15 miles away from the railroad. If any Senator doubts my statement all he needs to do is to examine the court records. The records can be brought to the Senate.

But that is not all, Mr. President. Regardless of the cost of constructing the railroads, the money which was actually put into their construction was in

many instances provided by people from foreign countries. The Dutch built the Northern Pacific Railroad Co. It was not built by people who are today receiving benefits from the operation of the railroad. All one needs to do is to go to the Supreme Court of the United States and look at the record of the time when Jim Hill was actively connected with the Northern Pacific. The record will show that many of the Dutch people were robbed of hundreds of millions of dollars. The record will show that railroads were placed in the hands of receivers, that the receivers carefully concealed from the bondholders the true value of the railroads, and that the bonds were subsequently purchased for a few cents on the dollar.

It was not until after the Dutch found out that they had been robbed that they brought law suits.

These statements can easily be verified by reference to the cases in the State and Federal courts in the eighties and the nineties. The people who actually got control of these railroads, such as Jim Hill and his associates, were proven by the court records to be folks who got the bonds for almost nothing, owned the railroads for almost nothing, and had the land for nothing. That, my fellow Senators, was the way the great railroad fortunes of America were created. Millionaires and multimillionaires whose descendants now are living, like the imperial potentates of old, on proceeds which they never earned and which they got by clever, tricky legal and political conniving and manipulation, are the people who are now before the Senate asking to be relieved of the contract which they assumed at the time when we gave away 130,000,000 acres of our public domain. It is this kind of people who are going to be benefited.

Mr. President, when ordinary men sign a contract they are supposed to keep the contract. If one signs a note and does not pay it, he will be sued. If one signs an agreement and does not keep it, he will be sued. The railroads got free 640 acres of land for each mile of track, and they said, "We are going to haul some Government machinery, all the Government wants to haul, perpetually." That was supposed to be the consideration. As I stated a few moments ago, they went into court and in 1940 the court held what they were entitled to pay for this hauling. They are not satisfied with that, and one of the greatest lobbies I have ever known, one of the greatest lobbies, according to the distinguished senior Senator from Mississippi, he has ever known, is here now saying, "We are not going to give up what land is left. We are going to keep it all, but we want to be relieved from this contract." If we adopt this conference report, in my judgment we betray the people who sent us here and make a present of all the land that is left.

Mr. President, some of the land that is left has been in litigation in Western States for the last 20 years, very valuable oil land, but the railroads do not give back one acre.

I repeat, when one signs a note or signs a contract he has to meet his obligation, but the railroads say, "We are

powerful. We can go to the Congress and can be relieved without paying a dollar."

If this conference report is adopted over my protest, as I know it is going to be adopted, it will mean that the railroads in question will be richer by millions of dollars. There is no need for it. The railroads are not destitute today. As a matter of fact, they have the greatest reserves in their history.

Mr. President, I have some children, and I want my children to know, when I pass on, that on this day, the 26th day of October, I asked unanimous consent to place in the RECORD House bill 694 as it was reported to the Senate.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That subsection (a) of section 321 of title III, part II, of the Transportation Act of 1940, be, and the same is hereby, amended by striking out the following: "except that the foregoing provision shall not apply to the transportation of military or naval property of the United States moving for military or naval and not for civil use or to the transportation of members of the military or naval forces of the United States (or property of such members) when such members are traveling on official duty"; so that said subsection, as so amended, shall read as follows:

"Sec. 321. (a) Notwithstanding any other provision of law, but subject to the provisions of sections 1 (7) and 22 of the Interstate Commerce Act, as amended, the full applicable commercial rates, fares, or charges shall be paid for transportation by any common carrier subject to such act of any persons or property for the United States, or on its behalf, and the rate determined by the Interstate Commerce Commission as reasonable therefor shall be paid for the transportation by railroad of the United States mail: *Provided, however,* That any carrier by railroad and the United States may enter into contracts for the transportation of the United States mail for less than such rate: *Provided further,* That section 3709, Revised Statutes (U. S. C., 1934 ed., title 41, sec. 5), shall not hereafter be construed as requiring advertising for bids in connection with the procurement of transportation services when the services required can be procured from any common carrier lawfully operating in the territory where such services are to be performed."

SEC. 2. The amendment made by this act shall take effect 90 days after the date of the cessation of hostilities in the war with Japan, as proclaimed by the President or declared by concurrent resolution of the two Houses of Congress, whichever is the earlier: *Provided, however,* That any travel or transportation contracted for prior to such effective date shall be paid for at the rate, fare, or charge in effect at the time of entering into such contract.

SEC. 3. The Interstate Commerce Commission, in the exercise of its power to prescribe just and reasonable rates, fares, and charges, shall give due consideration to the increased revenues which carriers will receive as a result of the enactment of this act, so that such increased revenues will be reflected in appropriate readjustments in rates, fares, and charges to shippers.

Mr. LANGER. Mr. President, the distinguished senior Senator from Mississippi led a brave fight against the bill, led it almost single-handed, but it was passed, and I ask unanimous consent to have printed in full the conference report

which we are now asked to accept. I want history to record exactly what took place.

The PRESIDING OFFICER. Is there objection?

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 694) to amend section 321, title III, part II, Transportation Act of 1940, with respect to the movement of Government traffic, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 2. The amendment made by section 1 of this Act shall take effect October 1, 1946: *Provided, however,* That any travel or transportation specifically contracted for prior to such effective date shall be paid for at the rate, fare, or charge in effect at the time of entering into such contract of carriage or shipment."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 4. (a) There are authorized to be appropriated, from time to time, to a fund in the Treasury to be known as the 'veterans' farms fund', amounts equal in the aggregate to the total amount set forth in subsection (c) of this section.

"(b) Amounts appropriated to the veterans' farms fund shall be available until expended and shall be utilized, 75 per centum by the Secretary of the Interior and 25 per centum by the Secretary of Agriculture, as follows:

"(1) The amounts available to the Secretary of the Interior shall be utilized by him for the construction of irrigation projects in the reclamation States; and for the purchase and reclamation improvement of such privately owned lands, and the reclamation improvement of such public lands, situated within reclamation projects as are necessary to the proper and integrated development of said projects, and such Secretary shall dispose of lands so purchased or improved to eligible veterans in family-type farms.

"(2) The amounts available to the Secretary of Agriculture shall be utilized by him for the purpose of assisting eligible veterans to establish themselves upon and improve family-type farms on lands within Federal reclamation projects and on lands within the States in which railroad land grants are located but which are not reclamation States. Funds so available to the Secretary of Agriculture shall be administered in the same manner as funds appropriated for title I of the Bankhead-Jones Farm Tenant Act, as amended: *Provided,* That such funds may be used by the Secretary of Agriculture in the reclamation States and in the other States named in subsection (c) without regard to the prevalence of farm tenancy in said States: *And provided further,* That veterans found qualified for occupancy of a family-type unit on Federal reclamation projects pursuant to the Bankhead-Jones Farm Tenant Act must also be acceptable to the Secretary of the Interior. Any funds appropriated to the Secretary of Agriculture pursuant to title I of the Bankhead-Jones

Farm Tenant Act may be used for the purposes of this paragraph and paragraph (3) of this subsection, in the manner and under the conditions provided for the use of funds made available pursuant to this subsection.

"(3) In order to provide for cooperation between the Secretary of the Interior and the Secretary of Agriculture in the administration of this section, the Secretary of the Interior is authorized, pursuant to cooperative agreements between the Secretary of Agriculture and the Secretary of the Interior, to consider any money made available by any Federal agency to veterans settling upon land within Federal reclamation projects, as all or a portion of the capital required of such settler under subsection C of section 4 of the Second Deficiency Act, fiscal year 1924 (43 Stat. 702), and where any lands have been or may be improved by means of funds made available to an eligible veteran by the Secretary of Agriculture pursuant to the Bankhead-Jones Farm Tenant Act, or this section, the Secretary of the Interior shall require the entryman or settler of such lands to enter into a mortgage contract or other security instrument acceptable to the Secretary of Agriculture covering his interest in the land and improvements to secure the repayment of the value of such improvements before a subsequent entry is allowed.

"(4) Of the amounts in the veterans' farm fund, the Secretary of the Interior shall expend at least \$3,750,000 of the funds available to him, and the Secretary of Agriculture shall expend at least \$1,250,000 of the funds available to him, in each of the States mentioned in subsection (c) as having railroad land-grant lands valued at \$5,000,000 or more: *Provided*, That if the total of the amounts appropriated under subsection (a) is less than \$68,272,770, then the said Secretaries shall expend in each of such States 75 per centum and 25 per centum, respectively, of an amount which bears the same ratio to \$5,000,000 as the total of the amounts so appropriated bears to \$68,272,770.

"(5) An eligible veteran for the purposes of this section is one who has been or may be declared by the Administrator of Veterans' Affairs to be eligible for any benefits provided for in the Servicemen's Readjustment Act of 1944 as now in force or as hereafter amended.

"(6) No amount shall be deducted or withheld from any payment due to any veteran under any law administered by the Veterans' Administration for the purpose of protecting the United States against loss in connection with any sale of land under this section.

"(c) For the purpose of this section the value of land-grant lands to which carriers have legal or equitable title or possession in the several States is hereby fixed as follows: Arizona, \$7,000,000; California, \$14,331,090; Idaho, \$1,149,190; Minnesota, \$87,228; Montana, \$19,209,090; Nevada, \$11,112,454; New Mexico, \$5,000,000; North Dakota, \$1,000,500; Oregon, \$171,292; Utah, \$349,120; Washington, \$8,789,406; Wisconsin, \$3,300; Wyoming, \$70,100; total, \$68,272,770."

And the Senate agree to the same.

E. C. JOHNSON,
ERNEST W. MCFARLAND,
B. K. WHEELER,
E. H. MOORE,
CLYDE M. REED,

Managers on the Part of the Senate.

LYLE H. BOREN,
J. PERCY PRIEST,
OREN HARRIS,
PEHR G. HOLMES,
CARROLL REECE,

Managers on the Part of the House.

Mr. LANGER. Mr. President, a provision was inserted giving away some so-called veterans' farm funds and an attempt was made to make it appear that instead of robbing the veterans they were being given something. In another place there is a suggestion about helping

small-type farmers. At the very end the sponsors tell how they are going to give \$68,272,770 to Arizona, California, Idaho, Minnesota, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, Wisconsin, and Wyoming; \$68,272,770, Mr. President, when, as a matter of fact, they are being relieved in the amount of \$20,000,000 each month, so all they are giving is less than four times what they were already legally obligated to pay.

Mr. President, this is not the first time such a bill has come before the Congress. One like it came up once before, and a distinguished group of men who had the interest of the Government at heart got together and defeated it. That was at a time when we were not engaged in war, when we were not busy with a thousand and one things involving peace, involving reconversion, or involving the atomic bomb. If this bill had come up at a time when we were not settling the war, finishing it up, it never could have been passed, in my judgment, but it was brought forward at the time when the average Senator's mind was occupied with a thousand other things. I wish to read portions of what these patriotic men printed as a result of months of investigation, at a time when some were attempting to put over this looting and robbing of the people some years ago. The pamphlet is entitled "Railroad Land Grants—Their Cost and Benefits to the United States Government."

In recent years there seems to be a growing agitation, especially among railroad officials, for repeal of the railroad land-grant laws.

Oh, Mr. President, there are always those who are trying to get something for nothing, to rob the people while the people are not watching. The pamphlet continues:

In recent years there seems to be a growing agitation, especially among railroad officials, for repeal of the railroad land-grant laws. These statutes are the medium through which millions of acres of the public domain, of which the people of the United States were the common owners, were conveyed to private corporations for the purpose of aiding in the construction of railroads, and which contain clauses requiring such railroads to transport mail, troops, and property of the United States Government at reduced rates. The latter-named clauses are those against which all criticisms are directed. There never have been, and are not now, any objections or criticisms to that part of the statutes which conveyed the lands, stone, and timber and which, in some cases, provided the loan of United States Government bonds, to the railroad corporations. Grants of land from the Federal Government to aid in various enterprises in the public interest date from about the year 1803 and were in the form of grants to States for the purpose of constructing wagon roads, or rolling roads, as they were sometimes called in those early times. To illustrate, in 1803 various Indian tribes ceded to the United States a strip of land 120 feet in width from the rapids of the Miami in Ohio to the Territory of Michigan and all the land within 1 mile on each side in order that the Government might establish a road to the Territory of Michigan.

Mr. President, I want to come to the part dealing with the railroads:

Many bills appeared in Congress regarding grants between 1833 and 1850. However, in the latter year occurred the first large grant of land in aid of constructing a railroad—

that of the Illinois Central (9 Stats. 466, 467.) A proviso in that statute stipulated that "the said railroad and branches shall be and remain a public highway for the use of the Government of the United States free from toll or other charge upon the transportation of any property or troops of the United States." During the following two decades, through various acts, Congress granted, and the railroads of the country as a whole received a total of 132,425,574 acres of the public lands. This total area represents 206,915 square miles which is equal to the combined area of the States of Indiana, Illinois, Michigan, and Wisconsin.

Think of it, Mr. President, giving away land equivalent to four States of the size of Indiana, Illinois, Michigan, and Wisconsin.

We now come to the Northern Pacific Railroad, which I know all about, Mr. President. I know all about how that railroad operated during the time I was attorney general of my State and Governor of my State.

Lands granted to the Northern Pacific Railway Co. alone total 43,159,428 acres. It is safe to say that the majority of these granted lands have been disposed of and the proceeds put into the capital value of the roads.

I ask unanimous consent to have printed in the RECORD the remainder of the paragraph. It deals with other railroads.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

For example, the Santa Fe and predecessor lines received lands aggregating 16,242,841 acres, of which 10,946,005 acres were sold for net proceeds of \$19,215,052. These amounts are as of June 30, 1916. The Great Northern Railway and predecessor lines received 2,311,143 acres of land from the Federal Government, of which 2,713,399 acres were disposed of as of June 30, 1915, for a net profit of \$15,880,596. The Illinois Central Railroad Co. received 2,598,606 acres of land from the Federal Government of which 2,588,832 acres were disposed of for net proceeds of \$23,191,236 (7 Val. Rept. 222.) Many others might be pointed out. A large acreage, however, is still held for use upon which rests approximately 14,411 miles of line now in operation by various owners.

Mr. LANGER. I continue to read:

The meaning of the clause "the said railroad and branches shall be, and remain, a public highway for the use of the Government of the United States, free from toll or other charge, for the transportation of any property or troops of the United States," which appears in nearly all original grants, became the subject of litigation and in 1876 reached the United States Supreme Court on appeal from the Court of Claims in *Lake Superior and Mississippi Railroad Co. v. United States* (93 U. S. 442). The result was a 5-to-4 decision—

By the Supreme Court of this country, mind you—

to the effect that the Government only secured for itself the free use of the roadway, or real property and appurtenances, such as roadbed, stations, roundhouses, etc., and that the carriers were entitled to compensation for the use of their rolling stock, personnel, fuel, and work performed in transporting the Government's property. Thereafter, in *Atchison Railroad Company v. United States* (15 C. Cls., 126-151), it was decided, after considerable evidence and findings of fact, that 50 percent of tariff rates and fares should be a fair deduction from commercial rates as compensation for the use of equipment, servants, etc.

I ask unanimous consent that the remainder of that paragraph may be printed in the RECORD, as well as the remainder of that page, and all of the following page, including the table, all of page 4, and a part of page 5.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Prior to 1874 a practice of allowing land-grant railroads 66⅔ percent of commercial rates had grown up. Since that decision in December 1879, 50 percent of commercial rates and fares has been allowed, with some exceptions, carriers who received grants of land directly or indirectly from the Federal Government.

It has been stated that the Government and the citizens of the country have been compensated many times over in benefits and in actual reductions in cost of transporting freight and persons, both public and private, for all lands granted railroads, and that these grants, having been many times paid for in benefits, can no longer be viewed in the light of obligations, and constitute only an interesting historical fact in transportation development. Therefore, it is further stated, if continued the deductions become an exploitation by Government of a private enterprise. It has also been stated that the conditions of rate and fare reductions in these grants constitute an unfair burden not only upon land-grant roads but upon competing non-land-grant roads, due to depressed revenues from necessary rate and fare equalizations, affecting directly every important carrier in the western and southern districts and in Central Freight Association territory, and indirectly those in the Trunk Line and New England territories.

Let us examine as closely as possible the correctness of these statements.

First, it is probably undisputed that certain railroads of the country were the recipients of a total of approximately 132,425,574 acres of land through grants from the Federal Government. These lands were granted over the period of years 1833-71. Measuring the value which the Government lost and the railroad corporations gained as a result of the grants is difficult. While it would seem on first consideration that the average price per acre yielded from the sale of public lands over the period of years when all grants were made would apply, a more careful examination of the circumstances under which a great many of these sales were made reveals that such procedure would not produce a fair average price. To illustrate, from August 4, 1854, to June 2, 1862, the Graduation Act was in effect. This act provided for reductions in the price of land which had been on the market from 10 to 30 years and yet remained unsold. Prices were graduated on those picked-over lands from \$1 per acre for lands on the market 10 years without sale, down to 12½ cents per acre for lands unsold for 30 years. But these graduated prices were reserved to actual settlers or cultivators, and a corporation, as such, could not purchase at these low prices, the act providing "that any person applying to enter any of the aforesaid lands shall be required to make affidavit before the register or receiver of the proper land office that he or she enters the same for his or her own use, and for the purpose of actual settlement and occupied by him or herself * * *," (ch. 244, sec. 3, supra). The act did not repeal the law enacted in 1820 establishing a minimum price of \$1.25 per acre for all public lands (3 Stats. 566), and this minimum price, it must be remembered, was in effect and applied to ordinary public land throughout the entire period of railroad grants. It is apparent, therefore, that the inclusion of amounts from sales of public lands during the years 1855 to 1862, inclusive, in any calculation designed to produce a fair av-

erage price per acre for "ordinary public lands" which railroad corporations would have found it necessary to pay, would defeat that design. On the contrary, it is believed that an average price arrived at by excluding the sales of those years will more nearly represent the price of public lands to railroads through the era of grants. It may readily be seen from the table below that the lowest average price on sales during the 38 years, 1834 to 1871, inclusive, are those during the life of the Graduation Act. The next lowest year was 1837 and this was, no doubt, occasioned by the severe panic of that year. Aside from the years which the Graduation Act was in force, and 1837 and 1846, the average price of public lands had not fallen below the prescribed minimum of \$1.25 per acre. The following is a tabulation of the sales of public lands from 1834 to 1871, inclusive, ending June 30 of each year:

Year	Acres	Amount	Average per acre
1834	4,658,218	\$6,099,981	\$1.31
1835	12,564,478	15,999,804	1.27
1836	20,074,870	25,167,833	1.25
1837	5,601,103	7,007,523	1.07
1838	3,414,907	4,305,564	1.26
1839	4,976,382	6,464,556	1.30
1840	2,236,889	2,789,637	1.25
1841	1,164,796	1,464,364	1.26
1842	1,129,218	1,417,972	1.26
1843	1,605,264	2,016,044	1.25
1844	1,754,763	2,207,678	1.26
1845	1,843,527	2,470,203	1.34
1846	2,263,731	2,694,452	1.19
1847	2,521,206	3,296,404	1.31
1848	1,887,553	2,621,615	1.39
1849	1,329,903	1,756,890	1.32
1850	1,405,839	1,778,151	1.26
1851	1,846,847	2,370,947	1.28
1852	1,553,071	1,975,658	1.27
1853	1,083,495	1,804,653	1.67
1854	7,035,735	9,285,534	1.32
1855	15,729,625	11,485,385	.73
1856	9,227,879	8,903,064	.96
1857	4,142,744	3,471,523	.84
1858	3,804,908	2,116,768	.56
1859	3,961,581	1,628,187	.41
1860	3,461,204	1,843,630	.53
1861	1,465,604	884,887	.60
1862	144,850	125,449	.86
1863	91,354	136,078	1.49
1864	432,773	687,007	1.59
1865	557,212	748,427	1.34
1866	388,234	546,979	1.41
1867	758,620	1,071,706	1.42
1868	914,941	1,285,451	1.40
1869	2,899,544	5,495,717	1.90
1870	2,159,516	3,123,677	1.45
1871	1,389,982	2,262,844	1.63

¹ This sum has been substituted for the amount shown by Hibbard for the year 1846 which he shows as \$665,248. This is apparently in error since Donaldson's Public Domain, p. 17, shows the proceeds from the sale of public lands for the year 1846 to be \$2,694,452. Hibbard shows the number of acres sold in that year to be 2,263,731, while Hart, Practical Essays on American Government, p. 257, shows the same figure. Using the figure quoted by Hibbard of \$665,248 to arrive at an average price for the number of acres named by both Donaldson and Hart would produce an average of about 29 cents per acre, while to use the sum quoted by Donaldson the average would be slightly over \$1.19 per acre, or favorably comparable to the years just preceding and subsequent to the year in question—1846. The preponderance of evidence, therefore, seems to favor the sum quoted by Donaldson, namely, \$2,694,452, and has been used herein as being more nearly correct.

It may be seen that an average price per acre over the entire period is \$1.22; excluding 1855 to 1862, inclusive, it becomes \$1.31; 1850 to 1871, inclusive, the average is \$0.98; and 1850 to 1871, excluding the 8-year period the Graduation Act was in force, \$1.45. Since all grants to railroads requiring reduced rates were made during the latter-named period, it is believed that \$1.45 per acre more nearly represents the average price

¹ These data are as shown in History of Public Land Policies, Hibbard, pp. 106, 113, and, having been carefully compared with Donaldson, The Public Domain, and table II, pp. 256 and 257, Practical Essays on American Government, Hart, are considered the most accurate obtainable.

which railroads would have had to pay for "ordinary public lands," and is so considered. A total of 132,425,574 acres at \$1.45 per acre produces \$192,017,082, which amount is considered the worth of the lands which passed from the Federal Government to the railroad corporations at the time the grants were made.

Here the matter would probably have ended, being considered as gifts to the railroads, had it not been that acts providing the grants of land contained stipulations which resulted in the Government retaining for itself certain rights which were intended to compensate it for that investment which flowed into the capital structure of the railroads. These stipulations were that the railroads who received grants should carry property and troops of the United States free from toll or other charge, and mail at such charges as the Congress may direct. (In 1876 Congress fixed the rate of compensation for the transportation of the mails at 80 percent of the rate paid to railroads which received no grants or other aids (19 Stats. 78, 82, ch. 179, sec. 13). Such requirements were interminable and, it must be presumed, were accepted by the railroads with a knowledge that they should never cease. As interpreted by the courts these requirements were that the Government should use the real property of the railroads for moving its property and troops "free from toll or other charge" as long as the roads were operated. In view of such contractual relations which clearly established a condition subsequent, the Government may be considered to have retained a property right in the lands which it granted. In *Burke v. Southern Pacific Railroad Company* (234 U. S. 669, 679), the Supreme Court stated:

"We first notice a contention advanced on the part of the mineral claimants, to the effect that the grant to the railroad company was merely a gift from the United States, and should be construed and applied accordingly. The granting act not only does not support the contention but refutes it. The act did not follow the building of the road but preceded it. Instead of giving a gratuitous reward for something already done, the act made a proposal to the company to the effect that if the latter would locate, construct, and put in operation a designated line of railroad, patents would be issued to the company confirming it in the right and title to the public lands falling within the descriptive terms of the grant. The purpose was to bring about the construction of the road, with the resulting advantages to the Government and the public, and to that end provision was made for compensating the company, if it should do the work, by patenting to it the lands indicated. The company was at liberty to accept or reject the proposal. It accepted in the mode contemplated by the act, and thereby the parties were brought into such contractual relations that the terms of the proposal became obligatory on both."

Again in *L. & N. Railroad Co. v. United States* (267 U. S. 395), the Court stated:

"But the land grant made many years ago in aid of the railroad enterprise was not a mere gift or gratuity. The carrier's obligation to haul property of the United States at reduced rates was a part of the consideration for which the land grant was made. Part of appellant's compensation for hauling the coal was in land, and the balance was in money."

The transactions, therefore, were, in effect, stated simply, thus: United States Government says to recipient carriers, we will convey to you designated lands on which to build railroad and telegraph lines, upon the condition that you complete said railroad and telegraph lines within a specified time and thereafter keep such lines in good repair and operation, and upon the further condition that you, upon completion of such lines, transport mail, troops, and property belonging to

us free from toll or other charge and, in consideration of your acceptance of these conditions, we will convey title in such designated lands to you with accompanying values. In the language of the court, the railroads accepted in the mode contemplated by the acts, and thereby the parties were brought into such contractual relations that the terms of the proposal became obligatory on both. Thus we are led to the inescapable conclusion that the Government granted title to designated lands in aid of construction to the railroads, and secured to itself as compensation for making such grants the movement of its troops and property "free from toll or other charge," which has been interpreted to mean 50 percent of commercial rates, this compensation to continue as long as the Government should have mail, troops, and property to transport. The Government in conveying these lands to the recipient railroads thereby contributed to their capital value the sum of \$192,017,082 upon which an interest charge is proper and should be set up. Such capital amount surely could not have been obtained elsewhere for nothing, and the Government, with the passing of title to the lands, lost the value thereof with the knowledge that many years would necessarily elapse before any value would come back to it in savings on transportation charges.

Mr. LANGER. Mr. President, we now come to page 5. There we have the testimony of Mr. Charles Donnelly, president of the Northern Pacific Railway Co., a man I know well and whom I heard testify at various times. He testified relative to certain information which had appeared in a pamphlet *Facts About the Northern Pacific Land Grants*, edited by Mr. Donnelly, and which had had a wide distribution among the Members of Congress.

Under paragraph 3 of that pamphlet Mr. Donnelly stated—I ask that the Members of the Senate pay particular attention to what the president of the Northern Pacific said when he at that time wanted to pull the wool over the eyes of Congress. Mr. Donnelly said:

It is to be remembered, finally, that by the act of 1864 the Northern Pacific Railroad is made "a post route and military road subject to such regulations as Congress may impose restricting the charges for such Government transportation." This right to restrict its charges the Government has always exercised, through act of Congress allowing to the Northern Pacific only a reduced percentage of the rates contemporaneously payable to other carriers for like services. The difference between what the Northern Pacific has thus far received for its services to the Government, and what it would have received if it were not for this land-grant restriction, is about \$14,000,000. Of the \$100,000,000 which the Northern Pacific has received or will receive from its grant, therefore it has in effect turned back \$14,000,000 into the United States Treasury.

Mr. President, that is what the president of the railroad said. But listen to what was said by Mr. D. F. McGowan, inspector of lands:

Mr. Donnelly lays great stress upon the fact that the Government has received \$14,000,000 by reason of the reduced rates it has obtained under the land grant. It must be remembered that the sponsors of the land-grant bill included the provision for reduced rates as a reason why the bill should be passed.

Which means why the land should be given to them in the first place. But Mr. McGowan said:

They should not now complain of this provision. But, taking the receipts from the

sales of the lands, as Mr. Donnelly gives them, at \$100,000,000—and the figure does not include over \$20,000,000 that they have set off for taxes and expenses—it will be seen that the interest on this \$100,000,000 at the low rate of 5 percent would be \$5,000,000 per annum. The \$14,000,000 which the Government has saved has been over a period of some 54 years—that is, from 1870 to 1924. On a per annum basis the saving to the United States for carrying the mail and for the limited number of other items has been less than \$300,000 per annum. Mr. Donnelly does not point out that the contribution by the United States to the capital investment of the Northern Pacific has been \$100,000,000 or that this \$100,000,000 is worth, at 5 percent, \$5,000,000 per annum to the Northern Pacific, and that it is perpetual. It is nearly 17 times as great as the \$300,000 per annum saving to the Government. On this basis the Northern Pacific can never turn back to the Government, by reason of a limited number of reduced rates, the sum that will equal what the grant has been and will continue to be worth to it. Certainly Mr. Donnelly's argument under this heading is a specious one.

The testimony of Mr. E. A. Sherman, Associate Forester of the United States Department of Agriculture, is also interesting and pertinent. This is what he said:

Mr. McGowan showed that the total expense upon the railroad, according to their own statement given out to the press, on account of these special rates made to the Government, including mails, passengers, and freight, has since the date of the grant amounted to between \$13,000,000 and \$14,000,000; that, during the period of 54 years since 1870, has averaged considerably less than \$300,000 a year, and also that it covered the period of the World War, during which period we may suppose a great part of its expense was incurred and was actually borne by the Federal Government. According to a sworn statement by Thomas Cooper, vice president and commissioner of the Northern Pacific Railroad, dated September 17, 1919, and now on file in the Interstate Commerce Commission, the railroad has received:

Net proceeds to June 30, 1917 (from sales of land).....	\$78,022,784.13
Outstanding deferred payments, June 30, 1917.....	18,062,210.79
Estimated net proceeds, unsold portion.....	11,600,000.00
Total.....	107,664,994.92

In order to show exactly how it was arrived at, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the remainder of page 6, as well as pages 7, 8, 9, 10, and 11.

There being no objection, the matter referred to was ordered to be printed in the RECORD as follows:

"This is net, after having deducted the charge-off by the Northern Pacific Railroad Co., \$14,035,797.86 for expenses and \$7,007,740.56 for taxes. In other words, this is the net contribution which the railroad company has received by reason of this grant of land toward its capital investment, the lands having been given in aid of construction, in round numbers of \$107,000,000 and upon which they are entitled to earn 5 percent. Approximately 5 percent upon this capital contribution of \$107,000,000 would be \$5,350,000 per annum. I think the figures speak for themselves. As a matter of fact, the average charge against this capital contribution amounts to less than three-tenths of 1 percent upon the Government's contribution to the capital investment."

Mr. Donnelly's statement tacitly admits that \$100,000,000 has been added by the Government to the capital value of the Northern

Pacific Railroad by reason of the Government grant of public lands. That this is true cannot be successfully denied. There simply isn't any sound law of logic, reason, or economics by which any other conclusion may be reached. The value of the granted lands is reflected in the capital structure of the railroads; it couldn't have gone elsewhere; and to contend that that value did not in the beginning take the place of what otherwise would have required hired capital through the sale of securities, is minus probative value. Some have stated that the right of the Government to require reduced-rate concessions from the railroads be given a value; such value to be an amount which, bearing a stated rate of interest, would yield the known average annual amount of reduced-rate concessions made by all land-grant lines, thereby disregarding entirely the value of the lands the possession and ownership of which is synonymous with the so-called right. The fallacy of this economic theory when applied in this case may readily be seen when it is realized that, in applying it, the value of such so-called right may be made to become any amount which, by application of a stated interest rate, relates itself properly to the known, or estimated, amount of annual concessions yielded. This amount of \$192,017,082 must properly be considered and applied as a permanent capital investment in the railroads who received the grants. Bearing interest at 6 percent per annum, which is considered reasonable, that sum would yield \$11,521,025 annually and, over a period of 70 years, 1866-1936, \$806,471,750 would accrue and represents the obligations of those recipient railroads to the Government.

In passing, it should be mentioned that the Government, to secure the construction of the Pacific railroads (Union Pacific, Central Pacific, Kansas Pacific, Western Pacific, Central Branch Union Pacific, and the Sioux City & Pacific) issued and loaned United States bonds in the amount of approximately \$94,600,000 and accepted a second mortgage on the railway properties as security. By 1900 a settlement had been reached, and of about \$130,000,000 representing principal and interest owed the Government, all but \$5,500,000 was paid or refunded. (*Economics of Transportation*, Locklin, p. 63.)

Second, the amounts which have accrued to the Federal Government as a result of reduced rate concessions by the railroads on the movement of mail, troops, and property are not accurately determinable. The amounts probably never will be definitely determined unless the railroads' accounts as settled by the Government are audited with this purpose in view. It is extremely doubtful if this will ever be done. Estimates may be made, however, which should furnish a reasonably accurate amount as to what the benefits are. Only a comparatively few land-grant carriers have made reports which reveal the approximate total amounts yielded to the Government through concessions. The method followed here in estimating total concessions made by all roads has been to compute the aggregate amount yielded by four representative systems on which data are complete, and calculate the amount yielded by all land-grant roads on the basis that the aggregate granted mileage of those four systems bears to the total granted mileage in operation by all carriers throughout the entire country. This method while perhaps containing some objectionable features, it is believed produces a more nearly accurate estimate than any hitherto employed, and is surely superior to that of computing the yielded concessions over a 5-year period, 1924 to 1928, the period of greatest railroad prosperity in history, which has been done, and assume that the concessions represented thereby are fair criteria in computing an estimate of total concessions made by all lines for all time. In this connection it must be borne in mind that in the early operations of some of the land-grant railroads the move-

ment of Government property and troops was very sparse indeed. For example, on the Leavenworth, Lawrence & Galveston Railroad, now a part of the Santa Fe System, total concessions reported down to June 30, 1916, were \$136,359.14, all of which were indicated as being on the transportation of mail. The logical inference is that there simply was no property or troops transported over that particular line of railroad on which reduced rates might be applied. The companies on which computations have been made operate in the rate territories in which the majority of granted mileage exists and should be fairly representative of all granted mileage in operation. The railroad systems on which computations have been made are the Santa Fe, the Great Northern, the Illinois Central, and the Northern Pacific.

In table I the bases and computations for total concessions made by the Santa Fe are shown. The sums yielded by the Santa Fe and predecessor lines to June 30, 1916, are as reported by that carrier in Valuation Docket No. 625, 127 ICC 1, 279-281. To these amounts are added the estimated concessions from that date to December 31, 1936.

MAIL

In arriving at the estimate on mail, annual estimated sums furnished by the Post Office Department 1924 to 1936, inclusive, have been used. Equation of the total sum for that period into an average annual amount per year per granted mile of line for all land-grant mileage operated is \$152.82. This basic amount of yield per year per granted mile of line applied to the 1367.38 miles of land-

grant line of the Santa Fe, for 20½ years, June 30, 1916, to December 31, 1936, produces the estimated amount sought, or \$4,283,742. This plan has been followed in computing the savings on the other lines named above.

TROOPS

In arriving at the estimated amount of concessions yielded on troops, the total for the 5-year period 1924 to 1928, inclusive, is \$2,545,202. This total amount is stated as representing 13,710 miles of the total of 14,411 miles of land-grant mileage in operation by all roads, or 95.14 percent. Equation of that total sum into an average amount per year per granted mile of line produces \$37.13. This average annual amount applied to the number of land-grant miles in operation by the Santa Fe for the period of 20½ years, June 30, 1916, to December 31, 1936, produces the amount sought, or \$1,040,806.

PROPERTY

Total concessions made on the movement of property for the 5-year period, 1924 to 1928, inclusive, on 13,710 miles of land-grant line, as above stated, amount to \$8,533,739, or an average per year of \$1,706,748, and per year per granted mile of line \$124.49. Since a sharp increase occurred in the movement of Government property beginning with the year 1928, it becomes necessary to compute the total estimated savings over two periods, i. e., prior to the year 1928, and subsequent thereto. Therefore, in estimating the amount of concessions yielded from June 30, 1916, to December 31, 1927, by applying the basic amount of yield per year per granted mile of line to 1,367.38, the number of granted miles operated by the Santa Fe, over the

11½-year period, June 30, 1916, to December 31, 1927, a total amount of \$1,957,588 is obtained; and for the 9-year period, December 31, 1927, to December 31, 1936, \$1,532,025. It has been found that, employing the year 1928 as 100, the movement of Government freight increased approximately 66 percent through June 30, 1935. Assuming that the savings to the Government kept pace with the increase in volume of traffic, it is proper to increase the latter amount of \$1,532,025, 66 percent, which increase amounts to \$1,011,137, or a total amount of concessions for the period of \$2,543,162. Thus the total amount for the two periods becomes the sum of \$1,957,588 and \$2,543,162, which is \$4,500,750.

The totals of these calculations on mail, troops, and property are added to the respective amounts yielded prior to June 30, 1916, to arrive at an estimated grand total concession made by the Santa Fe System lines which is, as indicated, \$15,591,282.

The same formula has been followed in estimating concessions made by the other railroad systems enumerated herein and are set out in detail in tables II, III, and IV in order. The grand total amount of estimated concessions for the four roads above named is found to be \$59,102,505. Since that total amount represents 37.23 percent of all land-grant mileage in operation throughout the entire country, the total estimated amount of concessions becomes \$158,749,678, and this amount, it is believed, represents the maximum concessions which could have accrued to the Government through reduced rates on mail, troops, and property, and includes concessions made in equalizing competing lines' reduced rates.

TABLE I.—Concessions made by the Atchison, Topeka & Santa Fe Ry. from beginning of operations to Dec. 31, 1936

Items	Mail	Troops	Property	Totals
Amounts yielded from beginning of operations to June 30, 1916, ¹ as reported to the Interstate Commerce Commission: Atchison, Topeka & Santa Fe Ry. Co., Jan. 1, 1879, to June 30, 1916.....	\$1,355,370	\$374,103	\$676,288	\$2,405,761
Leavenworth, Law. & Galveston R. R. Co. (no dates given).....	136,359			136,359
The Atlantic & Pacific R. R. Co. and the Santa Fe Pacific from January 1882 to June 30, 1916.....	1,460,984	651,096	1,111,784	3,223,864
Total.....	2,952,713	1,025,199	1,788,072	5,765,984
Average amount per year per granted mile of line on mail, 1924 to 1936, based on estimates furnished by the Post Office Department, is \$152.82. This per-year average amount applied to 1,367.38 ² miles (land-grant miles of the Santa Fe) over the period of 20½ years (June 30, 1916, to Dec. 31, 1936) equals.....	4,283,742			4,283,742
Total concessions on troops for the 5-year period, 1924 to 1928, inclusive, on 95.14 percent of all granted miles operated, or 13,710 miles, amount to \$2,545,202. ³ An average of this amount per year equals \$509,040, or \$37.13 per year per granted-mile-of-line. Applying this amount of yield per year per granted-mile-of-line to 1,367.38 miles for the period of 20½ years (June 30, 1916, to Dec. 31, 1936) amounts to \$50,771 per year, or a total for the entire period.....		1,040,806		1,040,806
Total concessions on property for the 5-year period 1924 to 1928, inclusive, on 95.14 percent of all granted miles operated, or 13,710 miles, amount to \$8,533,739, ³ or an average amount per year of \$1,706,748, or \$124.49 per year per granted-mile-of-line. Applying this average yield per year per granted-mile-of-line to 1,367.38 miles for the period of 11½ years (June 30, 1916, to Dec. 31, 1927) equals \$1,957,588, and for 9 years, 1928 to 1936, inclusive, \$1,532,025. The latter amount increased 66 percent equals \$1,011,137, or a total of \$2,543,162. This sum plus the amount yielded 1916 to 1927 equals.....			4,500,750	4,500,750
Total.....	7,236,455	2,066,005	6,288,822	15,591,282

¹ 127 I. C. C. 279-281.

² Schedule of Land-Grant and Bond-Aided Railroads of the United States, Quartermaster General of the Army, Circular No. 4, pp. 32-35.

³ Rails and Roads, Duncan, pamphlet by Association of Railway Executives, March 1931.

TABLE II.—Concessions made by the Great Northern Ry. from beginning of operations to Dec. 31, 1936

Items	Mails	Troops	Property	Totals
Amounts yielded by this road and predecessor lines from beginning of operations to June 30, 1915: ¹				
1879 to 1915.....	\$1,009,853			\$1,009,853
1890 to 1915.....		\$164,103		164,103
1889 to 1915.....			\$484,481	484,481
Total.....	1,009,853	164,103	484,481	1,658,437
The average amount of yielded concessions per year per granted mile of line on Mail 1924 to 1936, inclusive, based on estimates furnished by the Post Office Department, has been found to be \$152.82. This per-year average amount applied to 599.71 ² land-grant miles of Great Northern, over the period of 21½ years (June 30, 1915, to Dec. 31, 1936), equals.....	1,970,432			1,970,432
The average amount of yielded concessions on troops per year per granted-mile-of-line (p. 8) is found to be \$37.13. Applying that amount of yield per year per granted-mile-of-line to 599.71 (Great Northern land-grant miles operated), miles for the period of 21½ years (June 30, 1915, to Dec. 31, 1936), equals.....		478,741		478,741
The average amount of yielded concessions per year per granted-mile-of-line on property has been found to be \$124.49 (p. 8). Applying that amount of yield per year per granted-mile-of-line to 599.71 (Great Northern land-grant miles operated) miles for the period of 12½ years (June 30, 1915, to Dec. 31, 1927, inclusive) yields \$933,225; and for 9 years, 1928 to 1936, inclusive, \$671,922. The latter amount increased 66 percent (p. 8), amounts to an increase of \$443,469, or total of \$1,115,391. The sum of the yield \$933,225 and \$1,115,391, equals.....			2,048,616	2,048,616
Total.....	2,980,285	642,844	2,533,097	6,156,226

¹ 133 I. C. C. 153, 227.

² Schedule of Land-Grant and Bond-Aided Railroads of the United States, Quartermaster General of the Army, Circular No. 4, pp. 32-35.

TABLE III.—Concessions made by the Illinois Central from beginning of operations to Dec. 31, 1936

Items	Mail	Troops	Property	Totals
Amounts yielded by this road and predecessor lines from beginning of operations to June 30, 1915.....	\$1,504,695			\$1,504,695
Mar. 24, 1855, to June 30, 1915.....		\$2,639,142	\$461,253	3,100,395
Dubuque & Sioux City, Jan. 1, 1876, to June 30, 1915.....	498,483			498,483
Dubuque & Sioux City, Jan. 1, 1874, to June 30, 1915.....		4,837		4,837
Dubuque & Sioux City, Jan. 1, 1902, to June 30, 1915.....			21,530	21,530
Total.....	2,002,578	2,643,979	482,783	5,129,340
The average amount of yielded concessions on Mail per year per granted mile of line has been found to be \$152.82 (p. 8). This amount applied to 1,034.31 miles Illinois Central granted miles operated) over the period of 21½ years, June 30, 1915, to Dec. 31, 1936, inclusive, equals.....	3,398,355			3,398,355
The average amount of yielded concessions on Troops per year per granted mile of line (p. 8), has been found to be \$37.13. This amount applied to 1,034.31 miles for the period of 21½ years, June 30, 1915, to Dec. 31, 1936, equals.....		825,686		825,686
The average amount of yielded concessions on Property per year per granted mile of line has been found to be \$124.49 (p. 8). This amount applied to 1,034.31 miles over the period of 12¼ years, June 30, 1915, to Dec. 31, 1927, yields \$1,609,513; and for 9 years, 1928 to 1936, inclusive, \$1,158,849. This latter amount increased 66 percent (p. 8), amounts to an increase of \$764,840 or a total of \$1,923,689. The sum of the 2 amounts, \$1,609,513 and \$1,923,689, equals.....			3,533,202	3,533,202
Total.....	5,400,933	3,469,665	4,015,985	12,886,583

¹ 146 Val. Rep. 222, 259, 260.

² Schedule of Land-Grant and Bond-Aided Railroads of the United States, Quartermaster General of the Army, Circular No. 4, pp. 32-35.

TABLE IV.—Concessions made by the Northern Pacific Ry. from beginning of operations to Dec. 31, 1936

Items	Mail	Troops	Property	Totals
Amounts yielded by the Northern Pacific Ry. and predecessor lines from beginning of operations to June 30, 1917 ¹	\$1,143,482			\$1,143,482
Northern Pacific R. R. Co., July 1, 1876, to Aug. 31, 1890.....		\$1,238,216		1,238,216
Northern Pacific R. R. Co., July 1, 1882, to Aug. 31, 1890.....	2,605,015	\$2,159,114		5,854,129
Northern Pacific Ry. Co., Sept. 1, 1896, to June 30, 1917.....				
Total.....	3,838,497	\$4,397,330		8,235,827
The average yielded amount of concessions on mail per-year per-granted-mile-of-line is found to be \$152.82 (p. 8). This amount applied to 2,362.46 (b) miles, total operated by Northern Pacific, over the period of 19½ years, June 30, 1917, to Dec. 31, 1936, equals.....	7,040,105			7,040,105
The average yielded amount of concessions on troops per year per granted mile of line is found to be \$37.13 (p. 8). This amount applied to 2,362.46 miles over the period of 19½ years, June 30, 1917, to Dec. 31, 1936, equals.....		1,710,501		1,710,501
The average yielded amount of concessions on property per year per granted mile of line is found to be \$124.49 (p. 8). This amount applied to 2,362.46 miles over the period of 10½ years, June 30, 1917, to Dec. 31, 1927, inclusive, is \$3,068,682; and for the 9-year period 1928 to 1936, inclusive, \$2,646,927. This latter amount increased 66 percent (p. 8) equals \$1,746,972, or total of \$4,815,609. The sum of \$3,068,682 and \$4,815,609 equals.....			7,481,981	7,481,981
Total.....	10,878,602	3,148,428	10,441,384	24,468,414

¹ 25 Val. Rep. 39, 453, 584.

² Includes also concessions made on property and are not separable.

³ Divided according to ratio these items bear to whole on total of Atchison, Topeka & Santa Fe, Illinois Central, and Great Northern: Troops, \$1,487,927; property, \$2,959,403.

It will be seen that the total amount of estimated concessions for all lines on this basis is slightly in excess of 1 percent per annum over a period of 70 years on the original capital investment of \$192,017,082. It will also be noted that in the above computations of concessions on troops (passengers), the basis prevailing for the 5-year period, 1924 to 1928, inclusive, has been assumed to have continued through 1936, despite the fact that estimates reveal a moderate decline. It should be pointed out that Civilian Conservation Corps personnel as well as rivers and harbors maintenance personnel do not travel at reduced fares because of these land grant acts and the reduced-rate provisions which they contain. It should be remembered, too, and is significant that, for the period of Federal control of railroads during the World War, from March 21, 1918, to March 1, 1920, the railroads were operated by the Government at compensation based on an average operating income for the 3-year period ending June 30, 1917, land-grant deductions from tariff rates notwithstanding. And for a period of 6 months subsequent to the end of Federal control, a guaranty was made by the Government providing earnings equivalent to one-half the return reflected during the test period (3 years ending June 30, 1917), and in no case less than their fixed charges and railway operating expenses, land-grant deductions from tariff rates notwithstanding. These periods of Federal control and subsequent thereto have been included in the computations herein without regard to the facts just stated. The average estimated amounts of concessions per year per granted mile of line, as shown herein, over the four carriers used, should be the maximum, it is believed,

and therefore, indeed, averred that it is higher per year per granted mile of line than would be yielded on any other line, or group of lines, which might be chosen. It is believed this is true because, (1) the only two transcontinental lines upon which reduced rates are made are heavily used on cross-country movements; (2) a great many Army posts, national parks, dam sites, and other Government activities are located on or near these lines; (3) the lines of the Illinois Central traverse a territory where density of traffic is the maximum of any area in which land-grant mileage exists; and (4) these carriers operate trunk lines, or main arteries of commerce which are, or form in part, main through routes, both east-west and north-south, and may be presumed to bear the brunt of equalization of lowest rates made by any other competing land-grant routes. These estimated concessions, it must be remembered, reflect reductions voluntarily made to equalize the reduced rates of competing carriers.

Third, there are no depressed rate conditions which are required to be met by competing roads. Any reductions made to meet the reduced rates obtaining over the routes of competing land-grant carriers are permitted, not required nor necessary, and are wholly voluntary upon the carriers making them. Consequently, no "burden" exists in this respect on non-land-grant carriers other than as chosen by them to obtain traffic which would otherwise move over the land-grant lines. These voluntary reductions which are made to secure traffic which would otherwise move over the land-grant lines is undisputable evidence that the reduced rates are considered remunerative and not, therefore, burdensome, or that the railroad man-

agements which participate in such voluntary reductions are grasping for additional traffic without regard as to whether or not compensation is received therefor.

The conclusions to be reached here are obvious and inescapable. The Government of the United States conveyed title to, stated in round numbers, 132,000,000 acres of the public lands to various railroads of the country, worth \$192,000,000 70 years ago which, bearing interest at a reasonable rate, has earned \$806,000,000 and it has received in return \$159,000,000 in the form of reduced rates on the transportation of its mail, troops, and property. A difference of \$647,000,000 remains as an unpaid balance and can never be paid at the rate concessions are accumulating at present.

NOVEMBER 18, 1937.

Mr. LANGER. Mr. President, I wish to read the last paragraph of the report of this patriotic group of American citizens, after making the investigation. Some of them were employed at that time by the Treasury Department. I wish to read what they said it was worth to the railroads at that time to have this kind of a bill passed:

The conclusions to be reached here are obvious, and inescapable. The Government of the United States conveyed title to, stated in round numbers, 132,000,000 acres of the public lands to various railroads of the country, worth \$192,000,000 70 years ago which, bearing interest at a reasonable rate, has earned \$806,000,000 and it has received in return \$159,000,000 in the form of reduced rates on the transportation of its mail, troops, and property. A difference of \$647,000,000 remains as an unpaid balance and

can never be paid at the rate concessions are accumulating at present.

There is the record. Years ago the railroads owed \$647,000,000 to our Government for lands which had been given to them; and yet, under the terms of the conference report, we are allowing the railroads to keep every acre of public land they got, some of it containing very valuable oil and mineral rights.

I see in the gallery some of the brave soldier boys who went across the water and offered to make the supreme sacrifice. They are coming back now to face a situation in which the average debt per family for those going into business or farming will very likely be in the neighborhood of \$5,000.

At this time every foreign country is trying to make loans and obtain gifts from our Government. At a time when we have that kind of a situation, if one of these soldier boys were to buy a little farm, if he wished to borrow money from the Federal land bank he would have to pay 5 percent interest. But our Government has loaned France \$2,000,000,000 at 2 3/8 percent interest. England is now considering an offer from our Government to lend her three or four billion dollars at 2 percent interest. But if a farmer in the State of Massachusetts or in the State of North Dakota wishes to make a loan from our Government he must pay 5 percent. When we talk to Government officials about it, they say, We must charge our farmers 5 percent in order to keep liquid. We must keep our bonds good. But the farmers cannot get money at 2 3/8 percent, or 2 percent.

Within a short time some of the soldier boys who lost an arm or a leg, and who are unable to work, will be receiving \$75, \$80, or \$100 a month, and will be asked to support their families on it. They will be coming before congressional committees and asking for at least a decent amount upon which they and their families may live.

Already I can hear some of the distinguished Members of this body saying, "We would like to give more, but we cannot afford it. We have not the money. We must balance the Budget. We must reduce taxation. We must arrange our affairs so that during the reconversion period there will not be so much unemployment. We would like to do more for these boys, but we cannot do it." I want every soldier boy in America to know that at the very time when that will be said to them, only a few weeks previously a bill was passed in the Senate making a present of hundreds of millions of dollars to the railroads of the United States.

Mr. President, I hold in my hand a letter written by the president of the Farmers Union in North Dakota. I wish to read it into the RECORD. It is dated November 29, 1944, at a time when House bill 4184, which was a bill similar to the one which was finally passed, was under consideration:

JAMESTOWN, N. DAK., November 29, 1944.
HON. WILLIAM LANGER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I have before me H. R. 4184, which passed the House of Representa-

tives May 23, 1944, and is now awaiting action in the Senate.

It is my understanding that this bill will repeal the land-grant rates and require the Government to pay the full domestic commercial rate on all Government transportation except personnel of the Army or Navy and military or naval property for military or naval use.

This bill does not require the full domestic commercial rate to be paid on export and import traffic. Export and import rates have been voluntarily established by the railroads and in some cases are below the 50-percent land-grant rates paid by the Government.

I also call to your attention that under part 2 of the Transportation Act of 1940 the railroads would have been paid the full rate provided they returned to the Government the unsold portion of their land grant; the railroads evidently have refused to do this because they have unsold land containing valuable coal and mineral deposits.

Export and import rates compared with domestic rates

From—	To—	Miles	Commodity	Export rate	Domestic rate	Difference
Chicago.....	Seattle.....	2,300	Agricultural implements, 34,000 minimum car.	\$1.02	\$1.84	\$0.82
Do.....	Beach.....	1,022	do.....	1.02	1.12	.10
Do.....	Seattle.....	2,300	Refrigerators, 36,000 minimum car.....	1.07	1.62	.55
Do.....	do.....	2,300	Iron and steel articles, 80,000 minimum car.....	.46	1.12	.66
Do.....	Williston.....	991	do.....	.46	.91 1/2	.45 1/2
Do.....	Fargo.....	628	do.....	.46	.67	.21

From—	To—	Miles	Commodity	Import rate	Domestic rate	Difference
New Orleans.....	Cincinnati.....	836	Vegetable oil in tank cars from East Indies.....	\$0.31	\$0.61 1/2	\$0.30 1/2
Do.....	St. Louis.....	710	do.....	.31	.50	.25
Do.....	Kansas City.....	878	do.....	.36 1/2	.64	.27 1/2
Do.....	Chicago.....	921	do.....	.37 1/2	.64	.26 1/2
Do.....	do.....	921	Linseed oil in packages or tank cars.....	.42 1/2	.64	.21 1/2
Seattle.....	Portland.....					
San Francisco.....	Boston.....		Wool in grease in bales.....	1.05	2.23	1.18
Los Angeles.....						

Tariff authorities: W. T. L. 232-A; I. C. C. A-2594; 338-C; I. C. C. A-2822. W. T. L. 207-G; I. C. C. A-2710. Agent Bogue 1021-D; I. C. C. 24. Trans-Cont. 4-O; I. C. C. 1401 and 2C-A; I. C. C. 1400. C. F. A. 491-B; I. C. C. 2920. F. F. A. 15-C; I. C. C. 343. Agent Emmerson 27-A; I. C. C. 244. Trans Continental F. B., L. E. Kipp, Agent—33-G; I. C. C. 1476.

Mr. LANGER. Mr. President, I wish to read a telegram which I received from Houston, Tex. It is from the Texas Traffic Bureau. It reads as follows:

HOUSTON, TEX., November 29, 1944.
HON. WILLIAM LANGER,
United States Senate,
Washington, D. C.:

We urge you vote and work against unconstitutional Boren bill to repeal land-grant rates reported favorably by Interstate Commerce Committee. Carriers' obligation to haul United States property at reduced rates part of consideration for which grant was made. Bill makes no provision for returning lands to Government and represents present to railroads of millions. Please see especially page 193 of subcommittee's report.

TEXAS TRAFFIC BUREAU.

What they say is absolutely God's truth. The railroads still have millions of acres of this loot in their possession. Some of those lands are immensely valuable because of oil, timber, and mineral rights. Our own Government has spent millions of dollars trying to get some of the land back from the railroads, especially the Northern Pacific. The question has been in litigation for many years. Yet, Mr. President, the Senate has passed this bill, donating every single acre of that land. It has passed a bill giving away forever the right which was preserved to the American people when

I am opposed to the passing of this bill unless it is amended to include the full rate on export and import traffic and return to the Government of the unsold land grant.

Enclosed herewith is an illustration comparing export and import rates with domestic commercial rates.

Trusting that I have made my position clear, I remain,

Very truly yours,
NORTH DAKOTA FARMERS UNION,
GLENN J. TALBOTT, President.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the enclosure which Mr. Talbott, president of the North Dakota Farmers Union, sent to me. It is entitled "Export and Import Rates Compared With Domestic Rates."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Congress said to the railroads, "We will give you these 132,000,000 acres of land on condition that you forever haul the military personnel and some other portions of Federal traffic for nothing."

Mr. President, I hold in my hand another letter. It is a letter from the United States Chamber of Commerce. Certainly the United States Chamber of Commerce is in favor of this bill. The farmers are against it, but the men composing the United States Chamber of Commerce are for it. In order that the veterans of this war may have forever before their eyes a statement of what the United States Chamber of Commerce did to the farmers and to the laboring men, I ask unanimous consent that this letter be printed in the RECORD at this point as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, D. C., November 24, 1944.
HON. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: Before the close of this session, we earnestly hope that the Senate will take the opportunity to repeal the land grant rates by adopting the Boren bill,

H. R. 4184, which the House of Representatives has already passed by a very large majority.

Action at this time will eliminate the inequitable arrangement between the Government and the railroads—inequitable because of the greatly changed conditions since the land grants were made over 75 years ago and because of the fact that the Government has saved in reduced rates many times the value of the lands granted.

The membership of the United States Chamber of Commerce has consistently advocated the elimination of the land-grant rates both for the foregoing reasons and because their unfairness extends to competing railroads and truck lines not recipients of land grants, while the preferential rates to the Government place an unfair financial burden upon other users of transportation.

In our view the distortions in the rate structure and the uncertainties involved in the land grant rate system are a handicap to development of business and employment, which is so important for the postwar period. It would be greatly appreciated if you will lend your support to the enactment of H. R. 4184 during the present session of Congress.

Sincerely yours,

HOWARD L. VOLGENAU.

Mr. LANGER. Mr. President, in closing I wish again to compliment the distinguished senior Senator from Mississippi [Mr. BILBO] for his courage in opposing the bill when it was before the Senate. By opposing it when it first came before the Senate for consideration until the other day, when he was finally induced to compromise, the distinguished Senator from Mississippi alone, by his fight upon this floor and by the encouragement which a few of us gave him to conduct that fight, saved hundreds of millions of dollars to the taxpayers of the United States.

My only regret is that some few of us upon the floor of the Senate did not have the ability to convince the majority of the Senate that this is as bad a bill as we believe it to be. I repeat that in my judgment it is an absolute steal. In my judgment, it robs the common people of hundreds and hundreds of millions of dollars. I believe it is bad legislation. Mr. President, I believe it is the kind of legislation which will make the soldier boys who are coming back to their homes turn in disgust from the men who composed the Congress which passed this kind of legislation in their absence. I repeat that, in my judgment, it could not be passed except for the fact that technically we are still at war; it could not be passed except for the fact that we are busy with strikes, reconversion, and scores and scores of other problems.

I want the RECORD eternally and everlastingly to show, I repeat, that the bill was passed and the conference report was accepted in spite of the fact that the voice of the senior Senator from North Dakota was raised in opposition to it.

I repeat, Mr. President, the least that anyone believing as I do can do is to present the facts as I have presented them here this afternoon. I do not challenge the honesty of a single Senator upon this floor. Each man votes according to the dictates of his conscience. But frankly, Mr. President, after the eloquent speech delivered by the senior Senator from Mississippi [Mr. BILBO], after the array of facts which he presented, and in

view of the undisputed fact that the railroads still have millions of acres of this land which they got for nothing and are going to keep, in view of the fact that we already have this enormous debt of \$262,000,000,000, in view of the fact that millions of our boys are still across the water, unable to protect themselves, I say that I have only done my full duty in presenting to the best of my ability, upon this floor at this time, late as it is, my opposition to the conference report; and I wish to have the RECORD show that the senior Senator from North Dakota voted "no" upon the question of the conference report.

Mr. JOHNSON of Colorado. Mr. President, in connection with the conference report, I desire to have placed in the RECORD just before the vote is taken on it a letter from the Comptroller General explaining why the change which was made in the so-called McFarland amendment was necessary.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, October 22, 1945.

Hon. EDWIN C. JOHNSON,
United States Senate.

MY DEAR SENATOR: At the request of Senator ERNEST W. MCFARLAND there is furnished for the use of the conference on H. R. 694, Seventy-ninth Congress, the following information in connection with the McFarland amendment, appearing as section 4 of the bill as passed by the Senate October 4, 1945.

It was stated on the floor of the Senate by the author of the amendment adopted as section 4 that the purpose of the amendment was to create a fund, using the difference between the full commercial rates, fares, or charges for travel or transportation and the amounts which would be payable at the land-grant rates, fares, or charges up to \$68,272,770 (the declared value of the lands to which carriers have title or possession) before October 1946, to be used for the purchase or improvement of farm homes for veterans in the reclamation States. (CONGRESSIONAL RECORD, October 4, 1945, pp. 9394-9395). However, no money is appropriated by the amendment, but carriers are required to forward to the Comptroller General of the United States copies of bills for travel or transportation subject to land-grant rates begun after the date of enactment of the bill and prior to October 1, 1946, showing the difference between the full commercial rates, fares, or charges for the travel or transportation and the amounts which would be payable at the land-grant or equalization rates, fares, or charges. A sum equal to the amounts so reported is directed to be set aside in the Treasury and covered into a "veterans' farms fund," to be available for appropriation by Congress from time to time.

It is impossible to state accurately the total amount which would accrue between now and October 1946 in the form of the difference between land-grant and full commercial rates in cases where land-grant rates are now applicable. The amount of land-grant reductions accruing in recent periods has been estimated as high as \$20,000,000 a month (H. Rept. 393, 79th Cong., on H. R. 694, p. 4). The General Accounting Office has estimated that based on a transportation expenditure of \$2,000,000,000 to rail carriers during a period of a year the difference between land-grant and commercial rates will amount to at least 10 percent or \$200,000,000.

Such difference, even with considerable decline in military transportation, apparently would be far in excess of \$68,272,770, and probably would be close to twice that amount

during the period between enactment of the bill and October 1, 1946, assuming that the bill is enacted during the present session of the Congress.

Accordingly, it is believed that the explained purposes of section 4 of the bill could be accomplished by eliminating the reporting required by subsection (a) and authorizing the appropriation to a "veterans' farms fund" in the Treasury of amounts equal in the aggregate to the total amount of \$68,272,770 set forth in subsection (d) as the value of land-grant lands.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXECUTIVE SESSION

Mr. JOHNSON of Colorado. Mr. President, I move that the Senate proceed to the consideration of executive business. The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. KNOWLAND in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

FOREIGN SERVICE

The legislative clerk proceeded to read sundry nomination in the foreign service.

Mr. CHANDLER. Mr. President, I move that the nominations in the foreign service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the foreign-service nominations are confirmed en bloc.

UNITED STATES CUSTOMS COURT

The legislative clerk read the nomination of Irvin C. Mollison, of Illinois, to be judge of the United States Customs Court.

Mr. CHANDLER. Mr. President, I ask unanimous consent that the nomination be confirmed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of James J. Connors, of Juneau, Alaska, to be collector of customs for customs collection district No. 31.

Mr. CHANDLER. I ask that the nomination be confirmed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST AND GEODETIC SURVEY

The legislative clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. CHANDLER. I ask that the nominations in the Coast and Geodetic Survey be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. CHANDLER. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. CHANDLER. I also ask consent that the President be notified forthwith of all confirmations of today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified of all confirmations.

That completes the calendar.

ADJOURNMENT TO MONDAY

Mr. JOHNSON of Colorado. Mr. President, as in legislative session, I move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3 o'clock and 40 minutes p. m.) the Senate adjourned until Monday, October 29, 1945, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 26 (legislative day of October 22), 1945:

PROMOTIONS IN THE REGULAR ARMY OF THE UNITED STATES

To be major generals

Lt. Gen. Robert Charlwood Richardson, Jr. (brigadier general, U. S. Army), Army of the United States.

Gen. Courtney Hicks Hodges (brigadier general, U. S. Army), Army of the United States.

Gen. Jacob Loucks Devers (brigadier general, U. S. Army), Army of the United States.

Gen. George Churchill Kenney (brigadier general, U. S. Army), Army of the United States.

Gen. Carl Spaatz (brigadier general, U. S. Army), Army of the United States.

Lt. Gen. Ira Clarence Eaker (brigadier general, U. S. Army), Army of the United States.

Lt. Gen. Robert Lawrence Eichelberger (brigadier general, U. S. Army), Army of the United States.

Gen. Thomas Troy Handy (brigadier general, U. S. Army), Army of the United States.

Lt. Gen. Walter Bedell Smith (brigadier general, U. S. Army), Army of the United States.

Gen. Mark Wayne Clark (brigadier general, U. S. Army), Army of the United States.

To be brigadier generals

Lt. Gen. Alexander McCarrell Patch (colonel, Infantry), Army of the United States.

Lt. Gen. Wilhelm Delp Styer (colonel, Corps of Engineers), Army of the United States.

Lt. Gen. Harold Lee George (lieutenant colonel, Air Corps), Army of the United States.

Lt. Gen. William Hood Simpson (colonel, Infantry), Army of the United States.

Lt. Gen. James Harold Doolittle (major, Air Reserve), Army of the United States.

Lt. Gen. Lucian King Truscott, Jr. (lieutenant colonel, Cavalry), Army of the United States.

Lt. Gen. Richard Kerans Sutherland (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. John Clifford Hodges Lee (colonel, Corps of Engineers), Army of the United States.

Lt. Gen. Leonard Townsend Gerow (colonel, Infantry), Army of the United States.

Lt. Gen. Albert Coady Wedemeyer (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. John Kenneth Cannon (lieutenant colonel, Air Corps), Army of the United States.

Lt. Gen. Hoyt Sanford Vandenberg (major, Air Corps), Army of the United States.

Lt. Gen. Oscar Wolverton Griswold (colonel, Infantry), Army of the United States.

Lt. Gen. Walton Harris Walker (colonel, Infantry), Army of the United States.

Lt. Gen. Wade Hampton Haislip (colonel, Infantry), Army of the United States.

Lt. Gen. Joseph Lawton Collins (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. Lucius DuBignon Clay (lieutenant colonel, Corps of Engineers), Army of the United States.

Lt. Gen. Alvin Cullom Gillem, Jr. (colonel, Infantry), Army of the United States.

Lt. Gen. Barton Kyle Yount (colonel, Air Corps), Army of the United States.

Lt. Gen. Matthew Bunker Ridgway (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. Leroy Lutes (lieutenant colonel, Coast Artillery Corps), Army of the United States.

Lt. Gen. John Reed Hodge (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. John Edwin Hull (lieutenant colonel, Infantry), Army of the United States.

Lt. Gen. Raymond Stallings McLain (brigadier general, National Guard of the United States), Army of the United States.

Maj. Gen. Manton Sprague Eddy (lieutenant colonel, Infantry), Army of the United States.

Maj. Gen. Curtis Emerson LeMay (captain, Air Corps), Army of the United States.

Maj. Gen. Lauris Norstad (captain, Air Corps), Army of the United States.

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

To be major generals

Maj. Gen. Edward Postell King, Jr. (brigadier general, U. S. Army), Army of the United States.

Maj. Gen. William Fletcher Sharp (colonel, Field Artillery), Army of the United States.

Maj. Gen. George Fleming Moore (colonel, Coast Artillery Corps), Army of the United States.

Maj. Gen. George Marshall Parker, Jr. (colonel, Infantry), Army of the United States.

Maj. Gen. Albert Monmouth Jones (colonel, Infantry), Army of the United States.

To be brigadier generals

Brig. Gen. Clifford Bluemel (colonel, Infantry), Army of the United States.

Brig. Gen. James Roy Newman Weaver (colonel, Infantry), Army of the United States.

Brig. Gen. Maxon Spafford Lough (colonel, Infantry), Army of the United States.

Brig. Gen. William Edward Brouger (colonel, Infantry), Army of the United States.

Brig. Gen. Joseph Peter Vachon (colonel, Infantry), Army of the United States.

Brig. Gen. Carl Herndon Seals (colonel, U. S. Army, retired), Army of the United States.

Brig. Gen. Charles Chisholm Drake (colonel, Quartermaster Corps), Army of the United States.

Brig. Gen. Bradford Grethen Chynoweth (colonel, Infantry), Army of the United States.

Brig. Gen. Clinton Albert Pierce (lieutenant colonel, Cavalry), Army of the United States.

Brig. Gen. Arnold John Funk (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Lewis Charles Beebe (lieutenant colonel, Infantry), Army of the United States.

Brig. Gen. Luther Rea Stevens (colonel, Infantry, Philippine Army), Philippine Army.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

To be major generals

Brig. Gen. Harold Napoleon Gilbert (lieutenant colonel, Adjutant General's Department), Army of the United States.

Brig. Gen. Edward White Smith (lieutenant colonel, Field Artillery Reserve), Army of the United States.

Brig. Gen. Thomas Francis Farrell (lieutenant colonel, Corps of Engineers Reserve), Army of the United States.

To be brigadier generals

Col. Dominic Joseph Sabini (lieutenant colonel, Field Artillery), Army of the United States.

Col. Kenneth Shearer Sweany (major, Field Artillery), Army of the United States.

Col. William Washington Vaughan, Medical Corps.

Col. Clifford Cameron Nutt (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States.

Col. James Brian Edmunds (lieutenant colonel, Cavalry), Army of the United States.

Col. Norman Everard Hendrickson (lieutenant colonel, Field Artillery, National Guard of the United State), Army of the United States.

Col. Glen Clovis McBride (major, Cavalry Reserve), Army of the United States.

Col. Robert Cutler, Army of the United States.

Col. Ken Reed Dyke, Army of the United States.

Col. Henry Parkman, Jr., Army of the United States.

Col. Erik Henning Nelson (temporary colonel, Army of the United States, Air Corps), Army of the United States.

IN THE NAVY

Vice Adm. Harry W. Hill, United States Navy, to be a vice admiral in the Navy, for temporary service, to rank from the 22d day of April 1945.

Rear Adm. Donald Royce, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 12th day of July 1942.

Rear Adm. Frederick W. Pennoyer, Jr., United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 21st day of July 1942.

Rear Adm. Arthur C. Miles, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 2d day of December 1942.

Commodore Fred D. Kirtland, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 22d day of September 1943.

Commodore Harvey E. Overesch, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 22d day of September 1943.

Capt. Irving M. McQuiston, United States Naval Reserve, to be a rear admiral in the Naval Reserve, for temporary service, to rank from the 8th day of July 1942.

Capt. Albert M. Bledsoe, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 23d day of September 1943.

Capt. William K. Phillips, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 23d day of September 1943.

Capt. John W. Roper, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 23d day of September 1943.

Capt. Stuart S. Murray, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 25th day of September 1943.

Capt. Emmet P. Forrestel, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 3d day of October 1943.

Capt. Edmund T. Wooldridge, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 5th day of October 1943.

Capt. Thomas H. Robbins, Jr., United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 21st day of December 1943.

Capt. William G. Tomlinson, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 22d day of December 1943.

Capt. Richard F. Whitehead, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 17th day of January 1944.

Capt. Charles Wellborn, Jr., United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 29th day of January 1944.

Capt. Daniel V. Gallery, Jr., United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 6th day of February 1944.

Capt. Walter F. Boone, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 10th day of February 1944.

Capt. Joseph F. Bolger, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 25th day of February 1944.

Capt. Stuart H. Ingersoll, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 9th day of March 1944.

Capt. Edward C. Ewen, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 21st day of July 1944.

Capt. Apollo Soucek, United States Navy, to be a rear admiral in the Navy, for temporary service, to rank from the 23d day of July 1944.

Capt. Edward O. McDonnell, United States Naval Reserve, to be a rear admiral in the Naval Reserve, for temporary service, to rank from the 7th day of December 1942.

Capt. Ernest F. Robinson, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Robert C. Lee, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. William A. Read, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Ralph S. Moore, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Carl E. Anderson, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Robert V. Kleinschmidt, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Milton K. Revill, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Capt. Roger W. Cutler, United States Naval Reserve, to be a commodore in the Naval Reserve, for temporary service.

Pay Director N. Loyall McLaren, to be a pay director in the United States Naval Reserve, with the rank of commodore, for temporary service.

Capt. Richard M. Watt, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as Director of Inspection Administration, Office of Procurement and Material, and until reporting for other permanent duty.

Commodore Henry A. Schade, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as Director, Naval Research Laboratory, Anacostia, D. C., and until reporting for other permanent duty.

Capt. Edmund E. Brady, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as technical adviser to the Brazilian Merchant Marine Commission, and until reporting for other permanent duty.

Capt. Dudley W. Knox, United States Navy, retired, to be a commodore in the Navy on the retired list, for temporary service, to continue while serving as Deputy Director of Naval History.

Capt. William G. Greenman, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as Director of Naval Petroleum and Oil Shale Reserves, and until reporting for other permanent duty.

Capt. Carlos A. Bailey, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as chief of staff to the commandant, Ninth Naval District, and commander, Midwest Naval Area, and until reporting for other permanent duty.

Capt. Herbert J. Grassie, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, United States Naval Training Center, Great Lakes, Ill., and until reporting for other permanent duty.

Capt. Henry R. Oster, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as Deputy Director of Logistic Plans, Office of the Chief of Naval Operations, and until reporting for other permanent duty.

Capt. Robert G. Tobin, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as port director, New York, N. Y., and until reporting for other permanent duty.

Capt. Albert T. Sprague, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as chief of staff to commander, Fifth Amphibious Force, and until reporting for other permanent duty.

Capt. Arthur Gavin, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, United States Naval Air Bases, Philippines, and until reporting for other permanent duty.

Capt. Richard B. Tuggle, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commandant, United States Naval Operating Base, Eniwetok, and Atoll Commander, Eniwetok, and until reporting for other permanent duty.

Capt. Lemuel P. Padgett, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as director, Petroleum and Tanker Division, Office of the Chief of Naval Operations, and until reporting for other permanent duty.

Capt. Alva J. Spriggs, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as director of Electronics Division, Office of the Chief of Naval Operations, and until reporting for other permanent duty.

Capt. Kenmore M. McManes, United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, United States Naval Group, France, and until reporting for other permanent duty.

Capt. Paul B. Tuzo, Jr., United States Navy, to be a commodore in the Navy, for temporary service, to continue while serving as commander, Utility Wing, Service Force, United States Pacific Fleet, and until reporting for other permanent duty.

Civil Engineer William M. Angas to be a civil engineer in the Navy, with the rank of commodore, for temporary service, to continue while serving as a superintending civil engineer, and until reporting for other permanent duty.

Civil Engineer Lewis N. Moeller to be a civil engineer in the Navy, with the rank of commodore, for temporary service, to continue while serving as a superintending civil engineer, and until reporting for other permanent duty.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 26 (legislative day of October 22), 1945:

FOREIGN SERVICE

Avra M. Warren to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to New Zealand.

TO BE CONSULS GENERAL OF THE UNITED STATES OF AMERICA

Samuel J. Fletcher
Renwick S. McNiece
Hasell H. Dick
Robert B. Streeper

TO BE A CONSUL OF THE UNITED STATES OF AMERICA

Stephen C. Brown

UNITED STATES CUSTOMS COURT

Irvin C. Mollison to be judge of the United States Customs Court.

COLLECTOR OF CUSTOMS

James J. Connors to be collector of customs for customs collection district No. 31, with headquarters at Juneau, Alaska.

COAST AND GEODETIC SURVEY

TO BE HYDROGRAPHIC AND GEODETIC ENGINEERS IN THE COAST AND GEODETIC SURVEY, FROM OCTOBER 1, 1945, WITH RANK OF CAPTAIN

Frank S. Borden
Otis W. Swainson

TO BE HYDROGRAPHIC AND GEODETIC ENGINEERS IN THE COAST AND GEODETIC SURVEY, FROM OCTOBER 1, 1945, WITH RANK OF COMMANDER

Charles K. Green
Roland D. Horne

TO BE HYDROGRAPHIC AND GEODETIC ENGINEERS IN THE COAST AND GEODETIC SURVEY, FROM OCTOBER 1, 1945, WITH RANK OF LIEUTENANT COMMANDER

Wilbur R. Porter
George A. Nelson

POSTMASTERS

INDIANA

Arlie C. Henry, Laketon.
James H. Smith, Metamora.

MAINE

Arthur B. Silkworth, Center Lovell.
Peter C. Sanfacon, Grand Isle.
Blanche D. Voisine, Keegan.
John R. Walsh, Kennebunk Beach.
Howard L. Annis, Lincoln Center.
Elva Brackett, Monhegan.
Addie E. S. Smart, Monroe.
Edward E. Kennison, North New Portland.
Don W. Worthing, Palermo.
Eber J. Johnson, Poland.
Enid L. Monaghan, Port Clyde.
Violet G. Blake, South Casco.
Fay A. Patchell, Wytopitlock.

MARYLAND

Dorothy H. M. Williams, Charlestown.
Katherine L. Reiter, Phoenix.

MASSACHUSETTS

Laura A. Hepsley, Blandford.
Agnes K. Faxon, Brockville.
Fred E. Daisy, Carlisle.
Marion E. Nordin, East Dennis.
James J. Trioli, Fayville.
Edna May Halden, Franklin Park.
Sarah G. Sampson, Green Harbor.
Lucy A. Freeman, Millbrook.
Laura Boulais, Cakdale.
Lewis W. Jenney, South Carver.
Frank K. Lynch, South Chatham.
Clarence W. Bayles, South Dennis.

Charles T. Williams, South Egremont.
John F. Counihan, South Hamilton.
C. Herbert Jefferson, South Hanover.
Amber E. Columbia, Westport Point.
George O. Vaine, Winchendon Springs.

MISSISSIPPI

Edward E. Perry, Byhalla.

NEVADA

Geraldine S. Sayre, Smith.

NEW HAMPSHIRE

Frances B. Donovan, Ashuelot.
John P. Wright, Bretton Woods.
Mertie L. McAllister, Center Barnstead.
Hazel M. Ford, Danbury.
Ruth H. Almeder, Georges Mills.
Florence A. Goodwin, Gilmanton Iron Works.

George H. Yeaton, Gossville.
Barbara L. Swett, Grasmere.
Elise M. Coughlan, Greenfield.
Glenn E. Gray, Kearsarge.
Marion Horner Roble, Melvin Village.
Fred E. Carswell, Milton Mills.
Irene N. Wentworth, New Durham.
Frank E. LaBranche, Newmarket.
Hayden E. Cheney, Newton Junction.
Vernon F. West, North Sutton.
Eunice G. Woodman, Northwood.
Susie C. Simpson, West Rumney.

VERMONT

Beatrice M. E. Holmes, Canaan.
Rose B. Kemp, Craftsbury.
Dorothy M. Stewart, Cuttingsville.
Lou B. Maginn, East Fairfield.
Harold F. Mason, Lyndon Center.
Katherine D. Kelley, Middletown Springs.
May P. Squire, New Haven.
Francis E. Dennis, North Clarendon.
William H. Salmond, Perkinsville.
Fred B. Tilden, Roxbury.
Elwood C. Bacon, Thetford Center.
Henry C. La Morder, Warren.

SENATE

MONDAY, OCTOBER 29, 1945

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Spirit of the eternal, we thank Thee that Thou art not far off, out on the vast rim of the universe, but nearer to us than breathing; warm, sweet, tender; a present help, waiting to live in us, our daily sustenance, the fountain of a courage that will not fail and of a power that can use our frail weakness as its healing and illuminating channel.

In this confused day, with its noisy voices and contending claims, grant unto these Thy servants that they may be faithful to every trust committed by the people to their hands, giving utterance only to their highest, noblest thought, and that upon their shoulders there may rest unsullied the white mantle of the Nation's honor. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Friday, October 26, 1945, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the

Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTIONS SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled joint resolutions, and they were signed by the President pro tempore:

S. J. Res. 100. Joint resolution permitting alcohol plants to produce sugars or sirups simultaneously with the production of alcohol until July 1, 1946; and

S. J. Res. 107. Joint resolution requesting the President to proclaim November 2, 1945, as Woman's Enfranchisement Day in commemoration of the day when women throughout the United States first voted in a Presidential election.

LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, I wish to announce to Senators who are present that at the conclusion of business today the Senate will adjourn until Thursday, and it is expected that on Thursday the reorganization bill and the conference report on the tax bill will be taken up.

LEAVE OF ABSENCE

Mr. WHERRY. Mr. President, the Senator from New Jersey [Mr. SMITH] has requested me to ask unanimous consent that he be excused from the sessions of the Senate for the week, as he will be necessarily absent on business.

The PRESIDENT pro tempore. Without objection, leave is granted the Senator from New Jersey.

REFERENCE TO SPECIAL SENATE COMMITTEE OF BILLS AND RESOLUTIONS DEALING WITH ATOMIC ENERGY

The PRESIDENT pro tempore. Following the action of the Senate on the atomic-energy resolution (S. Res. 179), inasmuch as the resolution provides that all bills and resolutions introduced in the Senate, together with those received from the House, dealing with the subject of atomic energy shall be referred to the special committee, if there be no objection, such action will be taken with respect to bills or resolutions now pending before committees or on the table.

Thereupon the following bills and joint resolutions were referred to the Special Committee on Atomic Energy:

S. 1359. A bill to conserve and restrict the use of atomic energy for the national defense, to prohibit its private exploitation, and to preserve the secret and confidential character of information concerning the use and application of atomic energy;

S. 1463. A bill for the development and control of atomic energy;

S. J. Res. 93. Joint resolution to provide for the formulation of policies with respect to the control and use of atomic energy; and

S. J. Res. 103. Joint resolution authorizing experiments with bombs or other weapons utilizing atomic energy to determine their effect on naval vessels.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROTECTION OF COTTON AND COTTONSEED PRODUCTION FROM PINK BOLLWORM

A letter from the Secretary of Agriculture transmitting a draft of proposed legislation

for protection of cotton and cottonseed production from the pink bollworm, and for other purposes (with an accompanying paper); and referred to the Committee on Agriculture and Forestry.

ORGANIC ENABLING LEGISLATION

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to enable the Bureau of the Census to carry on the functions and duties required by organic and other laws (with an accompanying paper); to the Committee on Commerce.

PETITIONS AND MEMORIAL

The PRESIDENT pro tempore laid before the Senate the following petitions and memorial, which were referred as indicated:

A memorial of the Senate of the State of Arizona; to the Committee on Agriculture and Forestry:

"Senate Memorial 2

"Memorial requesting Congress to investigate the administration of the national forests

"To the Congress of the United States:

"Your memorialist respectfully represents: "That the United States Forest Service is, in effect and without sufficient congressional authorization, dictatorially exercising legislative and judicial functions in regard to grazing on the national forests, instead of limiting itself to the administration of the forests. A general grazing-reduction program of from 30 to 50 percent has been announced by forest officials. If this program is put into effect it will work a great hardship on, and jeopardize the stability of the users of the national forests.

"It has been called to the attention of this body that the Grazing Service, which is charged with the administration of other Federal grazing lands and which is functioning under a clearly defined law recently enacted by Congress, is exercising a more practical application of conservation and is giving the users a fairer adjudication of grievances and more security of tenure and general stability.

"Wherefore your memorialist, the Senate of the State of Arizona, requests:

"1. That a congressional investigation be made of conditions existing in connection with the administration of the national forests, to the end that legislation may be formulated which will remove existing evils and give all areas of Federal land for grazing purposes uniform, reasonable, and just treatment.

"Adopted by the senate, September 25, 1945."

A letter from Mrs. Elsie L. Bush, of Baltimore, Md., praying for an amendment to the Social Security Act reducing the beneficial age for widows from 65 to 60 years of age; to the Committee on Finance.

The petition of Arthur Pierson Burke, of Greenfield, Mass., praying for the enactment of legislation providing for placing a gold star in the center of the 48 stars in the field of blue of the American flag as an everlasting memorial to the patriotic dead; to the Committee on the Judiciary.

A resolution adopted by the District of Columbia Chapter of the National Association for the Advancement of Colored People, praying for the enactment of the bill (S. 1342) to establish a national housing policy and provide for its execution; to the Committee on Banking and Currency.

A resolution adopted by the District of Columbia Chapter of the National Association for the Advancement of Colored People, relating to the action taken by the Daughters of the American Revolution in the use of tax-exempt buildings and facilities; to the Committee on the District of Columbia.

A resolution adopted by the District of Columbia Chapter of the National Association